

United States
Circuit Court of Appeals
For the Ninth Circuit.

FRED STEBLER,

Appellant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEORGE D. PARKER,

Appellees.

Transcript of Record.

Upon Appeal from the United States District Court
for the Southern District of California,
Southern Division.

FILED

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No. 2394

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur. Title heads inserted by the Clerk are enclosed within brackets.]

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nia. [3*]

[Citation on Appeal (Original).]

UNITED STATES OF AMERICA.—ss.

To Riverside Heights Orange Growers' Association
and George D. Parker, Greeting:

You are hereby cited and admonished to be and appear at a United States Circuit Court of Appeals for the Ninth Circuit, to be held at the city of San Francisco, in the State of California, on the 4th day of April, A. D. 1914, pursuant to an order allowing an appeal, entered in the Clerk's office of the District Court of the United States, of the Ninth Judicial Circuit, in and for the Southern District of California, in that certain suit in equity, Circuit Court No. 1562, wherein Fred Stebler is complainant and appellant, and you are defendants and appellees, to show cause, if any there be, why the order or decree of said Court made and entered February 18th, 1914, against said appellant, in the said order allowing appeal mentioned, should not be corrected and

*Page-number appearing at foot of page of original certified Record.

speedy justice should not be done to the parties in that behalf.

Witness the Honorable OLIN WELLBORN, United States District Judge for the Southern District of California, and one of the Judges of the Circuit Court of the United States of America, of the Ninth Judicial Circuit, in and for the Southern District of California, this 6th day of March, A. D. 1914.

OLIN WELLBORN,
U. S. District Judge, for the Southern District of California. [4]

Due service and receipt of copy of the within citation is hereby admitted this 6th day of March, 1914.

N. A. ACKER,

Solicitor and of Counsel for Defendants.

[Endorsed]: A. No. 1562. U. S. District Court, Southern District of California, Southern Division. Fred Stebler vs. Riverside Heights Orange Growers' Assn. Citation. Filed Mar. 7, 1914. Wm. M. Van Dyke, Clerk. By R. S. Zimmerman, Deputy Clerk. [5]

*In the District Court of the United States of America,
in and for the Southern District of California,
Southern Division.*

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEORGE D. PARKER,
Defendants. [6]

*United States Circuit Court, Southern District of
California, Southern Division.*

IN EQUITY.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION, GEORGE D. PARKER and
PARKER MACHINE WORKS,

Defendants.

Bill of Complaint.

To the Honorable the Judges of the Circuit Court
of the United States for the Ninth Circuit,
Southern District of California, Southern Division:

Fred Stebler, a citizen of the State of California and resident of Riverside, California, brings this his Bill of Complaint against Riverside Heights Orange Growers' Association, a corporation organized and existing under and by virtue of the laws of the State of California, and having its principal place of business in Riverside, California, George D. Parker, a resident of Riverside, California, and Parker Machine Works, a corporation organized and existing under and by virtue of the laws of the State of California, and having its principal place of business in Riverside, California, and thereupon, complaining, shows unto your Honors:

I.

That heretofore, to wit, prior to the 28th day of

April, 1902, one Robert Strain, of Fullerton, California, was the original, first and sole inventor of a certain new and useful Fruit Grader, not known or used by others before his invention or discovery thereof; or patented or described in any [7] prior publication in the United States of America or any foreign country before his invention or discovery thereof, or more than two years prior to his application for letters patent thereon in the United States of America, as hereinafter set forth, or in public use or on sale in the United States for more than two years prior to his said application for letters patent of the United States therefor, and not abandoned.

II.

That said Robert Strain so being the original, first and sole inventor of said Fruit Grader, to wit, on the 28th day of April, 1902, made application in writing, in due form of law, to the Commissioner of Patents of the United States of America, in accordance with the then existing laws of the United States of America in such case made and provided, and complied in all respects with the conditions and requirements of said law, and thereafter, and prior to the 9th day of June, 1903, by an instrument in writing, in due form of law, duly signed by said Robert Strain, and by him delivered to your orator, Fred Stebler, and Austin A. Gamble, of Riverside, California, the said Robert Strain did sell, assign, transfer and set over unto your said orator and the said Austin A. Gamble, the full and exclusive right, title and interest in and to the said invention and in and to the letters patent to be granted and issued

therefor, and did authorize and request the Commissioner of Patents to issue said letters patent jointly to your orator and the said Austin A. Gamble; that said instrument in writing, was, to wit, prior to June 9th, 1903, duly and regularly recorded in the United States Patent Office; that thereafter such proceedings were duly and regularly had and taken in the matter of such application that, to wit, on June 9th, 1903, letters patent of the United States of America, No. 730,412, were duly and regularly granted and issued and delivered by the Government of [8] the United States of America to your orator and the said Austin A. Gamble, whereby there was granted and secured to your orator and the said Austin A. Gamble, their heirs, legal representatives and assigns, for the full term of seventeen years (17), from and after said 9th day of June, 1903, the sole and exclusive right, liberty and privilege of making, using and vending to others to be used the said invention *throughout* the United States of America and the territories thereof; that the said letters patent were duly issued in due form of law under the seal of the United States Patent Office and duly signed by the Commissioner of Patents, all as will more fully appear from said original letters patent or a duly certified copy thereof which are ready in court to be produced by your orator, as may be required; and that prior to the grant, issuance and deliverance of the said letters patent all proceedings were had and taken which were required by law to be had and taken prior to the issuance of letters patent for new and useful inventions.

III.

And your orator further shows unto your Honors that on October 12th, 1903, the said Robert Strain and your orator and the said Austin A. Gamble discovered for the first time that the said letters patent were inoperative and insufficient and that the errors which rendered said letters patent No. 730,412 so inoperative and insufficient arose from the inadvertence, accident and mistake of the Commissioner of Patents of the United States and without any fraudulent intention on the part of the said Robert Strain or upon the part of your orator, or upon the part of said Austin A. Gamble; that said inadvertence, accident and mistake upon the part of the said Commissioner of Patents of the United States consisted in this, that after the said Robert Strain had duly filed in the United States Patent Office his application for letters patent upon the said Fruit Grader, as aforesaid, one Charles Rayburn did, on August 18th, 1902, file in the United States Patent Office an application [9] for letters patent upon said new and useful Fruit Grader and in said application did make certain claims as the original, true and first inventor thereof; that through the inadvertence, accident and mistake of the Commissioner of Patents a patent was issued to the said Charles Rayburn therefor, said letters patent being numbered 726,756, and were granted, issued and delivered to the said Charles Rayburn on April 28th, 1903, and while the said Robert Strain's application for letters patent was pending in the United States Patent Office, as aforesaid, and the Commissioner

of Patents did by inadvertence, accident and mistake fail and neglect to give notice to the said Robert Strain, or your orator, or said Austin A. Gamble, of said Charles Rayburn's application for letters patent upon said Fruit Grader, and did fail and neglect to declare an interference proceeding between said Robert Strain and Charles Rayburn or the applications of said Robert Strain and Charles Rayburn for letters patent upon said Fruit Grader, and did fail and neglect to determine whether the said Robert Strain or the said Charles Rayburn was the original, first and sole inventor of said Fruit Grader, and did fail and neglect to determine the question of priority of invention between said Robert Strain and said Charles Rayburn; that said Robert Strain and your orator and the said Austin A. Gamble first discovered this inadvertence, accident and mistake upon the part of the Commissioner of Patents on October 12th, 1903, and did forthwith and immediately direct their attorneys to prepare an application for a reissue patent upon said Robert Strain's said invention in Fruit Grader; that said Robert Strain did make due application in writing, in due form of law, for a reissue of said letters patent, which said application was filed in the United States Patent Office on October 21st, 1903, by the said Robert Strain with the full consent and allowance of your orator and the said Austin A. Gamble, and that thereafter due proceedings were had in the United States [10] Patent Office in accordance with the statutes in such cases made and provided, and in accordance with the rules of the United

States Patent Office, and that said Robert Strain was adjudged to be the original, first and sole inventor of said Fruit Grader and judgment of priority of invention was rendered and entered in the United States Patent Office in favor of Robert Strain and against said Charles Rayburn; and thereafter, to wit, on December 27th, 1904, the said Robert Strain and your orator and the said Austin A. Gamble having in all respects complied with the Acts of Congress in such case made and provided, and having surrendered the said original letters patent No. 730,412, said letters patent were cancelled and new or amended letters patent which were marked "Reissue No. 12,297" were on the 27th day of December, 1904, in due form of law, granted, issued, and delivered to your orator and the said Austin A. Gamble, which said reissue letters patent are of record in the Patent Office of the United States, as will more fully and at large appear from said original reissued letters patent or a duly certified copy thereof ready here in court to be produced, whereby there was granted and secured to your orator and the said Austin A. Gamble, their heirs, legal representatives and assigns, for the full term of seventeen years (17), from and after the 9th day of June, 1903, the sole and exclusive right, liberty and privilege of making, using and vending the said invention as described and claimed in said reissued letters patent throughout the United States of America and the territories thereof.

IV.

And your orator further shows unto your Honors

that the said invention so set forth, described and claimed in and by the said letters patent aforesaid is of great value and has been extensively practiced by your orator and by [11] your orator and the said Austin A. Gamble, and that since the grant, issuance and delivery of the said letters patent the said Fruit Grader has gone into great and extensive use, and your orator and said Austin A. Gamble have sold large numbers thereof, and the same has substantially displaced all other forms of devices for said purpose and become the standard Fruit Grader; and upon each and every one of said Fruit Graders manufactured, used or sold by your orator or by your orator and said Austin A. Gamble, as aforesaid, your orator, and your orator and the said Austin A. Gamble have marked in bold and conspicuous letters the word "Patented," together with the day and date of issuance of said letters patent, to wit, June 9th, 1903, and December 27th, 1904, thereby notifying the public of said letters patent, and the trade and public have generally respected and acquiesced in the validity and scope of said letters patent and of the exclusive rights of your orator, and of your orator and said Austin A. Gamble therein and thereunder, and save and except for the infringement thereof by defendants as hereinafter set forth your orator, and your orator's assignors, have had and enjoyed the exclusive right, liberty and privilege, since December 27th, 1904, of manufacturing, selling and using Fruit Graders embodying and containing the invention described in, set forth and claimed in said letters patent, and but for

the wrongful and infringing acts of defendants, as hereinafter set forth, your orator would now continue to enjoy the said exclusive rights and the same would be of great and incalculable benefit and advantage to your orator, and the said defendants have been, long prior to the commencement of this suit, notified in writing of the grant, issuance and delivery of the said letters patent and of the rights of your orator thereunder, and have had full [12] knowledge of your orator's said rights under said letters patent, and demand has been made upon defendants to respect the said letters patent and not to infringe thereon, but notwithstanding such notice the defendants have continued to make, use and sell Fruit Graders embodying the said invention, as hereinafter more particularly set forth.

V.

Your orator further shows unto your Honors that heretofore, to wit, prior to the first day of January, 1910, by an instrument in writing in due form of law, duly signed by the said Austin A. Gamble, and delivered by him to your orator, the said Austin A. Gamble did sell, assign, transfer and set over unto your orator, his heirs and assigns, all his right, title and interest in and to the said Fruit Grader invention and in and to the said letters patent aforesaid granted and issued therefor, and did thereby sell, assign, transfer and set over unto your orator, and vest in your orator, and your orator did become the sole and exclusive owner of the full and exclusive right, title and interest in and to the said Fruit Grader invention and in and to the said letters patent granted and is-

sued therefor, all as will more fully and at large appear from said original instrument in writing or a duly certified copy thereof ready in court to be produced as may be required.

VI.

And your orator further shows unto your Honors that notwithstanding the premises, but well knowing the same, and without the license or consent, of your orator, and in violation of said letters patent, and of your orator's rights thereunder, the said defendants herein have within the year last past and in the Southern District of California, to wit, [13] in the County of Riverside, State of California, and elsewhere, made, used and sold to others to be used, and are now making, using and selling to others to be used Fruit Graders embodying, containing and embracing the invention described and claimed and patented in and by said reissued letters patent, and have infringed upon the exclusive rights secured to your orator by virtue of said reissued letters patent, and that the Fruit Graders so made, used and sold by defendants were and are infringements upon said letters patent and each of said Fruit Graders contains in it the said patented invention, and that although requested so to do defendants refuse to cease and desist from the infringement aforesaid and are now making, using and selling Fruit Graders containing and embracing the said patented invention and threaten and intend to continue so to do, and will continue so to do unless restrained by this Court, and are realizing as your orator is informed and believes, large gains, profits and advantages, the exact amount of which is un-

known to your orator; that by reason of the premises and the unlawful acts of the defendants aforesaid, your orator has suffered and is suffering great and irreparable damage and injury; that for the wrongs and injuries herein complained of your orator has no plain, speedy or adequate remedy at law and is without remedy save in a court of equity where matters of this kind are properly cognizable and relievable.

To the end therefore that the said defendants, Riverside Heights Orange Growers' Association, George D. Parker and Parker Machine Works, may, if they can, show why your orator should not have the relief herein prayed, and may according to the best and utmost of their knowledge, recollection, information and belief, but not under oath (an answer under oath being hereby expressly waived), full, true, direct and perfect answer make to all and singular the matters and things [14] hereinbefore charged; your orator prays that the defendants may be enjoined and restrained, both provisionally and perpetually, from further infringement upon the said letters patent, and be decreed to account for and pay over unto your orator the gains and profits realized by defendants from and by reason of the infringement aforesaid, and may be decreed to account for and pay over unto your orator the damages suffered by your orator by reason of the said infringement, together with the costs of this suit, and for such other and further or different relief as equity and good conscience shall require.

May it please your Honors to grant unto your orator a writ of injunction issued out of and under

the seal of this Court, provisionally, and until the final hearing, enjoining and restraining said defendants, Riverside Heights Orange Growers' Association, George D. Parker and Parker Machine Works, their agents, attorneys, associates, servants and employees, and each and every thereof, from making, using and selling any Fruit Graders containing or embracing the invention patented in and by said letters patent, and that upon the final hearing of this case said provisional injunction may be made final and perpetual.

May it please your Honors to grant unto your orator a writ of subpoena of the United States issued out of and under the seal of this Court and directed to the said defendants, Riverside Heights Orange Growers' Association, George D. Parker, and Parker Machine Works, commanding them by a day certain and under a certain penalty fixed by law, to be and appear before this honorable Court, then and there to answer this bill of complaint and to stand to and perform and abide by such further orders and decrees as to your Honors may seem meet in the premises.

And your orator will ever pray.

FRED STEBLER.

FREDERICK S. LYON,

Solicitor and of Counsel for Complainant, 503-8 Merchants' Trust Company Building, Los Angeles, California. [15]

United States of America,
State of California,
County of Riverside,—ss.

Fred Stebler, being duly sworn, on oath, says; that

he is the complainant named in the foregoing bill of complaint, that he has read said bill of complaint and knows the contents thereof and that the same is true of his own knowledge.

FRED STEBLER.

Subscribed and sworn to before me this 23d day of May, 1910.

[Seal]

WM. STUDABECKER,
Notary Public in and for Riverside County, State of California.

[Endorsed]: No. 1562. United States Circuit Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association, George D. Parker and Parker Machine Works, Defendants. In Equity. Bill of Complaint. Filed May 24, 1910. Wm. M. Van Dyke, Clerk. Chas. N. Williams, Deputy. Frederick S. Lyon, 504-7 Merchants' Trust Building, Los Angeles, Cal., Solicitor for Complainant. [16]

*In the United States Circuit Court, Southern District
of California, Southern Division.*

IN EQUITY—No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION, GEORGE D. PARKER,
and PARKER MACHINE WORKS,
Defendants.

Answer.

The answer of the Riverside Heights Orange Growers' Association, George D. Parker, and Parker Machine Works, defendants, to the bill of complaint of Fred Stebler, complainant.

These defendants, now and at all times hereafter, saving and reserving unto themselves all benefit and advantage of exception which can or may be had or taken to the many errors, uncertainties, and other imperfections in said complainant's said bill of complaint contained, for answer thereto, or unto so much and such parts thereof as these defendants are advised is, or are, material or necessary for them to make answer unto, these defendants for answering saith:

1. Admit that the Riverside Heights Orange Growers' Association, [17] one of the defendants herein, is a corporation organized and existing under and by virtue of the laws of the State of California, and having its principal place of business in Riverside, California, and admits that George D. Parker, another of the defendants herein, is a resident of Riverside, California.

2. Deny that the Parker Machine Works, one of the defendants herein, is a corporation organized and existing under and by virtue of the laws of the State of California, and having its principal place of business in Riverside, California.

3. They deny that the said Robert Strain, mentioned in the Bill of Complaint, prior to the 28th day of April, 1902, or at any other time, or at all, was

either the original first and sole inventor of the alleged certain new and useful Fruit Grader, alleged in the bill of complaint to be more particularly described in the alleged letters patent alleged to have been issued therefor by the Government of the United States; and they deny that the said improvements, or any of them, were a new or useful invention, or were not known or used by others in this country before the alleged invention or discovery thereof by the said Robert Strain, and deny that the same were not patented or described in any prior publication in the United States of America or any foreign country before his invention or discovery thereof, or more than two years prior to his application for letters patent thereon in the United States of America, or that the same was not in public use or on sale in the United States for more than two years prior to his said application for letters patent of the United States therefor, or that the same was not abandoned.

4. These defendants, further answering, say that as to whether or not the said Robert Strain, being as aforesaid the alleged original and first inventor of the said alleged [18] improvement in Fruit Graders, or otherwise, did on the 28th day of April, 1902, or at any other time, duly or regularly make or file in the Patent Office of the United States, an application in writing, praying for the issuance to him of letters patent of the United States for the said alleged invention, these defendants are not informed save by the bill of complaint herein, and they, therefore, deny the same, all and singular, and leave com-

plainant to make such proof thereof as he may be advised is material.

5. These defendants, further answering, say that as to whether or not after the filing of the said alleged application in the United States Patent Office, and before the granting of letters patent thereon, or at any other time, the said Robert Strain, by an instrument in writing, in due form of law, or otherwise, duly signed by him, and by him delivered to Fred Stebler, complainant herein, and Austin A. Gamble, of Riverside, California, and duly recorded in the United States Patent Office, or otherwise, the said Robert Strain did sell, assign, transfer and set over unto the said Fred Stebler and the said Austin A. Gamble, the full and *excluse* right, title and interest in and to the said invention, or any right, title or interest in and to the same, and in and to the letters patent to be granted and issued therefor, with the request that the letters patent therefor, when granted, should be issued jointly to the said Fred Stebler and the said Austin A. Gamble, they are not informed save by the bill of complaint herein, and they, therefore, deny the same, all and singular, and leave complainant to make such proof thereof as he shall be advised is material. These defendants deny that thereafter, or at any time, such proceedings were duly and regularly taken in the matter of the said alleged application, that, on the 9th day of June, 1903, or at any other time, letters patent of the United States of America, No. 730,412, were duly [19] and regularly granted and issued and delivered by the Government of the United States of America to the said Fred Stebler

and the said Austin A. Gamble, or either of them, and deny that the said Fred Stebler and the said Austin A. Gamble, or either of them, or their heirs, legal representatives and assigns, or either of them, were granted for the full term of seventeen years (17) from and after the 9th day of June, 1903, or for any other term, the sole and exclusive right, liberty and privilege of making, using and vending to others to be used the said alleged invention throughout the United States of America and the territories thereof.

6. These defendants, further answering, deny that the said alleged letters patent were issued in due form of law, or otherwise, under the seal of the United States Patent Office, or otherwise, or were duly signed by the Commissioner of Patents; and deny that said facts will more fully appear from said alleged letters patent themselves.

7. These defendants, further answering, deny that prior to the issuance of said alleged letters patent, all proceedings were had or taken which were required to be had and taken prior to the issuance of letters patent for new and useful inventions.

8. These defendants, further answering, say that whether the said alleged letters patent No. 730,412, referred to in the bill of complaint as having been issued as therein stated, for an improved Fruit Grader, were inoperative and insufficient, and whether the error by reason of which the same were rendered inoperative and insufficient arose by inadvertence, accident and mistake on the part of the Commissioner of Patents of the United States and without any fraudulent intention on the part of the

said Robert Strain, or upon the part of Fred Stebler, complainant herein, or upon the part of the said Austin A. Gamble, they are not informed save by the bill of complaint herein, and they, therefore, deny the same, and leave complainant to make such proof thereof as he shall be advised is material. [20]

9. These defendants, further answering, say that whether the alleged inadvertence, accident and mistake upon the part of the Commissioner of Patents of the United States was occasioned by the fact that after the said Robert Strain had filed in the United States Patent Office his alleged application for letters patent upon said Fruit Grader, one Charles Rayburn, did on August 18th, 1902, file in the United States Patent Office an application for letters patent upon said new and useful Fruit Grader and in said application did make certain claims as the original, true and first inventor thereof, and that through the inadvertence, accident and mistake of the Commissioner of Patents a patent was issued to said Charles Rayburn therefor, said letters patent being numbered 726,756, which were granted, issued and delivered to the said Charles Rayburn on April 28th, 1903, and while the said Robert Strain's application for letters patent was pending in the United States Patent Office, and the Commissioner of Patents did by inadvertence, accident and mistake fail and neglect to give notice to the said Robert Strain, or to Fred Stebler, complainant herein, or to said Austin A. Gamble, of said Charles Rayburn's application for letters patent upon said Fruit Grader, and did fail and neglect to declare an interference proceeding between

said Robert Strain and Charles Rayburn or the applications of said Robert Strain and Charles Rayburn for letters patent upon said Fruit Grader, and did fail and neglect to determine whether the said Robert Strain or the said Charles Rayburn was the original, first and sole inventor of said Fruit Grader, and did fail and neglect to determine the question of priority of invention between said Robert Strain and Charles Rayburn, they are not informed save by the bill of complaint herein, and they, therefore, deny the same, all and singular, and leave complainant to make such proof thereof as he shall be advised is material. [21]

10. These defendants, further answering, say that whether the said Robert Strain, and Fred Stebler, complainant herein, and the said Austin A. Gamble first discovered the alleged inadvertence, accident and mistake upon the part of the Commissioner of Patents on October 12th, 1903, and did forthwith and immediately direct their attorneys to prepare an application for a reissue patent upon said Robert Strain's said invention in Fruit Graders, or whether the said Robert Strain did make due application in writing, in due form of law, or otherwise, for a reissue of the letters patent mentioned in the Bill of Complaint, or whether said alleged application was filed in the United States Patent Office on October 21st, 1903, by the said Robert Strain with the full consent and allowance of Fred Stebler, complainant herein, and the said Austin A. Gamble, or whether thereafter due proceedings were had in the United States Patent Office in accordance with the statute in such cases made and provided, and in accordance with the Rules

of the United States Patent Office, or whether the said Robert Strain was adjudged to be the original, first and sole inventor of said Fruit Grader and judgment of priority of invention was rendered and entered in the United States Patent Office in favor of said Robert Strain and against said Austin A Gamble, they are not informed save by the bill of complaint herein, and they, therefore, deny the same, all and singular, and leave complainant to make such proof thereof as he shall be advised is material.

11. These defendants, further answering, say that whether the said Robert Strain and Fred Stebler, complainant herein, and Austin A. Gamble having in all respects complied with the Acts of Congress in such cases made and provided, and having surrendered the said original letters patent No. 730,412, said letters patent were cancelled and new or amended letters patent [22] which were marked "Reissue No. 12,297" were on the 27th day of December, 1904, in due form of law, granted, issued and delivered to Fred Stebler, complainant herein, and the said Austin A. Gamble, which said reissue letters patent are of record in the Patent Office of the United States, they are not informed save by the bill of complaint herein, and they, therefore, deny the same, all and singular, and leave complainant to make such proof thereof as he shall be advised is material; and deny that said facts will more fully and at large appear from said original reissue letters patent or a duly certified copy thereof.

12. These defendants deny that the said reissue letters patent No. 12,297 were effective to grant and

secure to the said Fred Stebler, complainant herein, and the said Austin A. Gamble, their heirs, legal representatives and assigns, for the full term of seventeen years (17) or for any term, either from and after the 9th day of June, 1903, or from any other date, the sole and exclusive right, liberty and privilege of making, using and vending the said invention as described and claimed in said reissue letters patent throughout the United States of America and the territories thereof.

13. These defendants aver that they are not informed as to whether or not the invention alleged to be contained in the said reissue letters patent No. 12,297 is the same invention as that set forth in the original letters patent No. 730,412, set forth in the bill of complaint herein, and they, therefore, deny the same and leave the complainant to make such proof thereof as he shall be advised is material.

14. Further answering, these defendants deny that the alleged invention alleged to be protected by the said alleged reissue letters patent is of great or any value, and deny that [23] since the issuance of the said alleged reissue letters patent, or at any time, the Fruit Graders mentioned therein have gone into great and extensive use, or have been extensively practiced, or otherwise, and deny that large numbers thereof have been sold, and deny that upon each and every one of said Fruit Graders manufactured, used or sold by the complainant herein, or by the said complainant and Austin A. Gamble, or by either of them, made in accordance with the said reissue letters patent, has been marked with the word "Patented"

together with the date and number thereof, and deny that the public was thereby notified of the same, and deny that the trade and public have generally respected and acquiesced in the validity and scope of said letters patent and the *excluse* right, or any right of the complainant herein, and of the complainant and said Austin A. Gamble, and deny that save and except for the alleged infringement thereof by these defendants, the complainant herein and the complainant and the said Austin A. Gamble, would have had and enjoyed the exclusive right, liberty and privilege, since December 27th, 1904, or any other time, of manufacturing, selling and using Fruit Graders embodying and containing the invention described in, set forth and claimed in said letters patent, and deny that but for the alleged wrongful and infringing acts of these defendants, complainant herein would now continue to enjoy the said exclusive rights, or any rights, at all, and that the same would be of great and *incalculable* benefit and advantage, or any benefit and advantage, to the complainant, and deny that they have been, long prior to the commencement of this suit, notified in writing of the grant, issuance and delivery of the said letters patent and of the rights of the complainant thereunder, and deny that they have had full knowledge of complainant's said rights under said letters patent and that demand has been made upon them to respect the said letters patent and not [24] to infringe thereon, and deny that notwithstanding such alleged notice they have continued to make, use and sell Fruit Graders embodying the said alleged invention.

15. Defendants, further answering, say that whether prior to the first day of January, 1910, or at any other time, by an instrument in writing in due form of law, or otherwise, duly signed by the said Austin A. Gamble, and delivered by him to the complainant herein, the said Austin A. Gamble did sell, assign, and transfer and set over unto the complainant herein, his heirs, and assigns, all his right, title, and interest in and to the said Fruit Grader invention and in and to the said letters patent granted and issued therefor, and did thereby sell, assign and transfer and set over unto and did vest in the complainant herein, and complainant did become the sole and exclusive owner of the full and exclusive right, title and interest in and to the said alleged Fruit Grader invention and in and to the said alleged letters patent granted and issued therefor, they are not informed save by said bill of complaint herein, and they, therefore, deny the same, all and singular, and leave complainant to make such proof thereof as he may be advised is material, and they deny that said facts will more fully appear from said original instrument in writing or a duly certified copy thereof.

16. These defendants deny that since the issuance of said alleged letters patent, and within the year last past, or at any time, or within the Southern District of California, or at any other place, the defendants herein have made, used and sold to others to be used, and are now making, using and selling to others to be used Fruit Graders embodying, containing and embracing the invention described and claimed and patented in and by said reissue letters patent, and

deny that they [25] have infringed or are now infringing, or threaten to continue to infringe upon the alleged exclusive rights alleged to be secured to complainant by virtue of said alleged letters patent, and deny that any Fruit Grader made, used or sold, or sold to others for use, at any time, were or are an infringement upon said alleged letters patent, or contain or embody the said alleged invention.

17. Further answering, defendants deny that complainant has requested these defendants to cease or desist from their alleged infringement aforesaid, and deny that they are now making or selling or using Fruit Graders containing or embracing the alleged invention or any of them, alleged to be patented in and by said alleged letters patent, and deny that unless restrained by the order of this honorable Court they will at any time make or sell or use Fruit Graders alleged to be described and claimed in said alleged letters patent.

18. These defendants deny that by reason of the premises set up in said bill of complaint, or by reason of any unlawful act of the defendants, complainant has suffered any injury or damage, and deny that they have realized large gains, profits and advantages from and by reason of any alleged infringement of complainant's rights.

19. These defendants, further answering, aver that said alleged improvements or inventions described and claimed in the said original letters patent mentioned in the bill of complaint, and mentioned in the reissue letters patent thereof, did not and do not constitute any invention or discovery that was

or is patentable under the laws of the United States.

20. Defendants further answering, aver that in view of the prior state of the art pertaining to Fruit Graders and the manner of their construction and operation, there was and is no patentable invention contained and embraced in the said alleged improvements described and claimed in the said alleged [26] reissue letters patent sued on herein; but that the same or substantially the same things were well known in the art prior to the alleged invention thereof by the said Robert Strain; and, if in the alleged improvements there is anything new or different from what was known or discovered in said prior art, it was not the result of patentable invention, but wholly the result of the ordinary skill of the mechanic, and is of no practical utility.

And for a further and separate defense, these defendants aver that the alleged invention described and claimed in the said alleged reissue letters patent sued on herein, or substantially the same was, long prior to the supposed invention or discovery thereof by the said Robert Strain, indicated, described and patented in and by the following letters patent of the United States, to wit:

Number.	Date.	Names of Patentees.
No. 247,428,	Sept. 20, 1881,	H. B. Stevens.
“ 348,128,	Aug. 24, 1886,	J. W. Keeney.
“ 352,421,	Nov. 9, 1886,	J. S. McKenzie.
“ 399,509,	Mar. 12, 1889,	F. N. Ellithorpe.
“ 430,031,	June 10, 1890,	J. A. Jones.
“ 442,288,	Dec. 9, 1890,	J. A. Jones.
“ 456,092,	July 14, 1891,	H. H. Hutchins.

Number,	Date.	Names of Patentees.
“ 458,422,	Aug.25, 1891,	J. T. Ish.
“ 465,856,	Dec. 29, 1891,	H. H. Hutchins.
“ 466,817,	Jan. 12, 1892,	E. E. Woodward.
“ 475,497,	May 24, 1892,	G. A. & C. F. Fleming.
“ 482,294,	Sept. 6, 1892,	A. C. Burke.
“ 529,032,	Nov. 13, 1894,	H. C. Jones.
“ 534,783,	Feb. 26, 1895,	A. Cerruti.
“ 538,330,	Apr. 30, 1895,	A. D. Huntley.
“ 654,281,	July 24, 1900,	M. P. Richards.
“ 671,646,	Apr. 9, 1901,	R. G. Bailey.
“ 673,127,	Apr. 30, 1901,	E. N. Maull.
“ 713,484,	Nov. 11, 1902,	C. D. Nelson.
“ 726,756,	Apr. 28, 1903,	C. Rayburn. [27]

21. Further answering, defendants aver that said Robert Strain was not the original or first or any inventor or discoverer of the alleged improvements and inventions, or any of them, alleged to be described in said alleged letters patent in suit, or of any material or substantial part of the same, but that, on the contrary, prior to the alleged invention thereof by the said Robert Strain, Charles Rayburn, who resides at Visalia, in the County of Tulare, State of California, had conceived and invented each and all of said alleged improvements and inventions, and said Charles Rayburn is the original and first inventor and discover of said alleged improvements and inventions, and of each and all of them.

22. And for a further and separate defense, these defendants aver that the said Robert Strain was not the original and first inventor or discoverer of the improvements or inventions alleged to be described

and covered by the said alleged reissue letters patent, nor of any material or substantial parts thereof, but that the same or all material or substantial parts thereof were, prior to the alleged invention thereof by the said Robert Strain, and more than two years prior to his said alleged application for letters patent thereon, manufactured and sold in this country, and these defendants specify such manufacture and sale as follows, to wit:

Manufactured and sold by G. G. Wickson, of the City and County of San Francisco, State of California.

23. And for a further and separate defence, these defendants aver that the said alleged improvements and inventions, and each and all of them, had been, prior to the alleged invention thereof by the said Robert Strain, and more than two years prior to his alleged application for letters patent thereon, known to and used by the following named persons, firms, and corporations, at the following places, to wit:
[28]

Uplands Citrus Association, in its plant at Upland, California; also by the W. H. Jameson Packing House, in its plant at Corona, California; The Arlington Heights Fruit Company, in its plant at Arlington, California; Victoria Avenue Citrus Association, in its plant at Casa Blanca, California; San Jacinto Packing House Company, in its plant at Arlington, California; Placentia Orange Growers' Association, in its plant at Fullerton, California; Santiago Orange Growers' Association, in its plant at Orange, California; Indian Hill Citrus Associa-

tion, in its plant at North Pomona, California; Worthley & Strong, in their plant at Riverside, California; and was known to Charles S. Adams, whose residence is Upland, California; W. H. Jameson, whose residence is Corona, California; Charles Spencer, Edward Gilman, and Ernest Parker, each of Orange, California, and was known to and used by others whose names and places of residences, and the places of such use are at this time unknown to these defendants, but which these defendants crave leave to insert herein and make a part hereof when they shall be discovered.

24. Further answering, these defendants aver that the public at no time has acquiesced in the validity of the said alleged letters patent in suit, and that the validity of said letters patent has not been adjudicated or established in an action at law; that, therefore, this Court, sitting as a court in equity, has no jurisdiction of this case, and complainant's relief in the premises, if to any relief he is entitled, can only be obtained in an action at law.

And, therefore, these defendants submit and insist that under the facts and circumstances as above alleged, the said complainant is not entitled to the relief, or any part thereof, in the said bill of complaint demanded, nor has said complainant any right to any further answer to said bill nor any part thereof than is above given. [29]

And these defendants pray the same advantage of their aforesaid answer as if they had pleaded or demurred to the said bill of complaint, and they pray leave to be dismissed with their reasonable costs and

charges in this behalf most wrongfully sustained.

RIVERSIDE HEIGHTS ORANGE GROW-
ERS' ASSOCIATION,

PARKER MACHINE WORKS,

GEORGE D. PARKER,

By N. A. ACKER,

WM. F. BOOTH,

Solicitors and Attorneys for Defendants.

N. A. ACKER,

WM. F. BOOTH,

Solicitors and of Counsel for Defendants.

[Endorsed]: No. 1562. In the United States Circuit Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association, George D. Parker, and Parker Machine Works, Defendants. Answer. Filed Jul. 26, 1910. Wm. M. Van Dyke, Clerk. Chas. N. Williams, Deputy. N. A. Acker, Wm. F. Booth, #68 Post St., San Francisco, Cal., Solicitors and Counsel for Defendants. [30]

*United States District Court, Southern District of
California, Southern Division.*

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION, and GEORGE D. PARKER.

Defendants.

Interlocutory Decree.

Pursuant to the mandate of the United States Circuit Court of Appeals for the Ninth Circuit, it is hereby ORDERED, ADJUDGED AND DECREED:

First: That the decree herein signed, filed and entered on September 17, 1912, dismissing complainant's bill of complaint, be and the same is hereby vacated, set aside, canceled and rescinded and judgment in favor of defendants and against complainant for the sum of \$383.40 is vacated, set aside, canceled and rescinded.

Second: That Robert Strain was the original, first and sole inventor of the Fruit Grader set forth, described and claimed in reissued letters patent of the United States No. 12,297, and particularly as set forth in claims one (1) and ten (10) thereof, which are as follows:

Claim 1: "In a Fruit-Grader, in combination a plurality of independent transversely-adjustable rotating rollers; a non-movable grooved guide lying parallel with the plane which passes vertically and longitudinally through the center of said rollers, said rollers and guide forming a fruit-runway; a rope in the groove in said guide and means to move said rope."

Claim 10: "In a fruit-grading machine, a runway formed of two parallel members, one of said members consisting of a series of end-to-end rolls, brackets carrying the rolls, guides for the brackets, and means for adjusting the brackets upon the guides, substantially as set forth." [31]

That the same had not been known or used by others before said Robert Strain's invention or discovery thereof or patented or described in any printed publication in the United States of America or any foreign country before said Robert Strain's invention or discovery thereof or more than two years prior to said Robert Strain's original application for letters patent thereon, or in public use or on sale in the United States of America for more than two years prior to said Robert Strain's said application for letters patent thereon, and not abandoned; that said Robert Strain made application in writing in due form of law to the Commissioner of Patents of the United States in accordance with the laws of the United States of America in such case made and provided for letters patent thereon and complied in all respects with the conditions and requirements of such law, and thereafter by an instrument in writing signed by him duly sold, assigned and transferred to complainant Fred Stebler and one Austin A. Gamble the full and exclusive right, title and interest in and to said invention and in and to the letters patent to be granted and issued therefor; that letters patent of the United States No. 730,412 were on June 9, 1903, granted, issued and delivered by the Government of the United States to said Fred Stebler and Austin A. Gamble, whereby there was granted and secured to them, their heirs, legal representatives and assigns for the full term of seventeen years from and after the 9th day of June, 1903, the sole and exclusive right, liberty and privilege of making, using and vending to others to be used the said invention

throughout the United States of America and the territories thereof; that said letters patent were issued in due form of law under the seal of the United States Patent Office and duly signed by the Commissioner of Patents; that the said letters patent No. 730,412 were inoperative and insufficient [32] by reasons of certain errors and insufficiencies and that the said errors which rendered said letters patent so inoperative and inefficient arose from the inadvertence, accident and mistake of the Commissioner of Patents of the United States and without any fraudulent intention on the part of said Robert Strain or Fred Stebler or Austin A. Gamble; that promptly and diligently upon the discovery of such errors by said Robert Strain, Fred Stebler and Austin A. Gamble, said Robert Strain, with the consent and allowance of said Fred Stebler and Austin A. Gamble made application for reissued or amended letters patent for said invention, and after due proceedings had in the United States Patent Office in due accord with the law in such case made and provided on December 27, 1904, reissued or amended letters patent No. 12,297 were on the 27th day of December, 1904, in due form of law granted, issued and delivered to the said Fred Stebler and Austin A. Gamble, whereby there was granted and secured to the said Fred Stebler and Austin A. Gamble, their heirs, legal representatives and assigns, for the full term of seventeen years from and after the 9th day of June, 1903, the sole and exclusive right, liberty and privilege of making, using and vending to others to be used the said invention throughout the

United States of America and the territories thereof, as described and claimed in said reissued letters patent.

Third: That said reissued letters patent number 12,297 are good and valid in law, and that said claims one (1) and ten (10) thereof are good and valid in law.

Fourth: That by an instrument in writing, executed by him and delivered to complainant, said Austin A. Gamble sold, assigned and transferred to complainant all said Austin A. Gamble's right, title and interest in, to and under said letters patent and invention and complainant Fred Stebler became and at the commencement of this suit was and now is the [33] sole owner of the full and exclusive right, title and interest in, to and under said letters patent and invention together with all rights of action, claims or demands of whatsoever nature arising out of or accruing from past infringement thereof.

Fifth: That said Fred Stebler and Austin A. Gamble, while owning said letters patent jointly, and said Fred Stebler, since said assignment to him by said Austin A. Gamble, have manufactured and sold numbers of Fruit Graders or Sizers embodying said invention, and that upon each and every thereof have distinctly and plainly marked in bold and conspicuous letters the word "Patented," together with the words and figures "June 9, 1903 and December 27, 1904"; that prior to the commencement of this suit defendants Riverside Heights Orange Growers' Association and George D. Parker were each notified in writing by complainant of the said reissued letters

patent number 12,297 and of complainant's ownership thereof and that the Fruit Graders or Sizers said defendants were making and using were infringements thereof and were requested to respect said letters patent and discontinue the making, use or sale of such infringing machines.

Sixth: That the defendants Riverside Heights Orange Growers' Association and George D. Parker have infringed the said reissued letters patent number 12,297 and particularly the said first and tenth claims thereof and the exclusive rights of complainant thereunder by making, using and selling the so-called "Parker" grader and by making, using and selling graders, built in substantial accordance with letters patent of the United States number 997,468 granted to defendant Parker, without the license or consent of complainant, and have continued so to do since the commencement of this suit and threaten and intend to continue so to do. [34]

Seventh: That complainant recover of the defendants, and each of them, the profits, gains and advantages which said defendants, and each of them, have or has derived, received or made, by reason of said infringement, and that complainant recover of the said defendants, and each of them, any and all damages which complainant has sustained or shall sustain by reason of said infringement by defendants, or either of them.

Eighth: And it is hereby referred to Lynn Helm, Esq., as the Master of this court, who is appointed, *pro hac vice*, to take and state the account of said gains, profits and advantages and to assess such dam-

ages and to report thereon with all convenient speed, and the said Riverside Heights Orange Growers' Association and George D. Parker, their attorneys, officers, clerks, servants, agents, associates and workmen, are hereby directed and required to attend before said Master from time to time as he may require, and to produce before him such books, papers, vouchers, documents, records or other things and to submit to such oral examination as the Master may require.

Ninth: That a perpetual injunction issue out of and under the seal of this Court, directed to said defendants, Riverside Heights Orange Growers' Association and George D. Parker, their and each of their, officers, attorneys, agents, servants, workmen, clerks and associates enjoining and restraining them and each of them from directly or indirectly making or causing to be made, using or causing to be used, selling or causing to be sold, in any manner, any machine or device or Fruit Grader or Sizer, containing or embodying or employing the said invention granted by the said reissue letters patent, or particularly as set forth and claimed in claims numbered one (1) and ten (10) [35] thereof, or any device or machine capable of being combined or adapted to be used in infringement of said letters patent or said claims thereof or either thereof in any manner whatsoever; and from making or causing to be made, using or causing to be used or selling or otherwise disposing of for use any machine made in substantial accordance with letters patent of the United States number 997,468 granted to defendant George D. Parker, and from continuing the manufacture, sale or use in any

manner whatsoever of the so-called "Parker" grader or graders.

Tenth: That complainant do have and recover judgment against defendants Riverside Heights Orange Growers' Association and George D. Parker, jointly and severally, for the sum of \$1,576.63 costs and disbursements of this suit, and that the further questions of increase of damages be reserved until the coming in of the Master's Report.

Dated Los Angeles, California, Nov. 7th, 1913.

OLIN WELLBORN,

District Judge.

Decree entered and recorded November 7th, 1913.

WM. M. VAN DYKE,

Clerk.

By Chas. N. Williams,

Deputy Clerk.

\$382.60 being all of the items on the first page of items and \$2.00 on the second page of items in cost bill omitted by mistake on original taxation of costs and now inserted and included in the taxed costs, making the total costs taxed \$1959.23 Dec. 16, 1913.

WM. M. VAN DYKE,

Clerk.

By Chas. N. Williams,

Deputy Clerk. [36]

[Endorsed]: Cir. Ct. No. 1562. United States District Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association, and George D. Parker, Defendants. In Equity. Interlocutory Decree. Filed Nov. 7, 1913. Wm. M. Van

Dyke, Clerk. By Chas. N. Williams, Deputy Clerk.
Frederick S. Lyon, 504-7 Merchants' Trust Building,
Los Angeles, Cal., Solicitor for Complainant. [37]

*In the District Court of the United States, Southern
District of California, Southern Division.*

IN EQUITY—No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROW-
ERS' ASSOCIATION, and GEORGE D.
PARKER,

Defendants.

**Defendants' Petition to Enjoin Prosecution of Suits
for Infringement.**

To the Honorable, The Judges of the Above-entitled
Court:

Come now the above-named defendants and give
this honorable Court to understand and be informed:

I.

That the above-entitled suit is for the infringement
of reissue letters patent of the United States No.
12,297, particularly claims 1 and 10 thereof, by de-
fendant Parker as manufacturer and seller and the
defendant Riverside Heights Orange Growers' Asso-
ciation as user of a certain Fruit Grader Machine,
manufactured and sold to it by the said defendant
Parker.

II.

That after full trial and hearing of said suit this Court signed, filed, and entered on Sept. 17, 1912, a decree dismissing the complainant's bill of complaint.

III.

That thereafter the complainant duly appealed from said decree of dismissal to the United States Circuit Court of Appeals for the Ninth Circuit, and said appeal was docketed as [38] No. 2232.

IV.

That said Appeal case No. 2232 came on for hearing at the October Term 1912 of said Court of Appeals, and thereafter in due course said Court made and entered its decree reversing the decree of dismissal of this Court of Sept. 17, 1912.

V.

That thereafter the said United States Circuit Court of Appeals for the Ninth Circuit, upon motion of defendants stayed its mandate for a time sufficient to enable said defendants to present a petition to the Supreme Court of the United States for a writ of certiorari.

VI.

That said defendants duly presented their said petition for a writ of certiorari to the Supreme Court of the United States.

VII.

That said petition was by said Supreme Court of the United States denied.

VIII.

That upon said denial of said petition as above mentioned in paragraph VII, the complainant herein

caused the mandate of the United States Circuit Court of Appeals to be issued.

IX.

That said complainant duly presented said mandate to this Court and the same was by this Court duly received and spread upon its minutes.

X.

That pursuant to said mandate this Court, on or about Nov. 5, 1913, made and entered its interlocutory decree, vacating [39] its previous decree of dismissal of Sept. 17, 1912, holding title to the patent sued on to be vested in complainant, holding the patent sued on valid, finding infringement of claims 1 and 10 thereof by the defendants herein; holding complainant to be entitled to recover from said defendants and each of them the profits, gains and advantages derived from said infringement, referring the accounting thereof to a Master, and granting a perpetual injunction against said defendants.

XI.

That said interlocutory decree last mentioned is now in full force and effect, but that no steps have, up to the present, been taken by said complainant in the matter of said accounting nor has the Master made any report thereof.

XII.

That subsequent to the rendition of the decree of the United States Circuit Court of Appeals for the Ninth Circuit and before the said interlocutory decree of this Court, complainant brought in this Court a large number of suits in equity upon the said reissue letters patent, against various other defendants as

infringing users of the said machines manufactured and sold by the defendant Parker herein, said suits being as follows to wit:

Fred Stebler vs. Pomona Fruit Growers' Exchange, No. A-44.

Fred Stebler vs. Whittier Citrus Association, No. A-45.

Fred Stebler vs. Indian Hill Citrus Association, No. A-49.

Fred Stebler vs. El Camino Citrus Association, No. A-50.

Fred Stebler vs. Colton Fruit Exchange, No. A-52.

Fred Stebler vs. Sierra Madre La Monda Citrus Association No. A-53.

Fred Stebler vs. Claremont Citrus Association No. A-54.

Fred Stebler vs. La Verne Orange Growers' Association, No. A-55. [40]

Fred Stebler vs. Lyman V. W. Brown, No. A-56.

Fred Stebler vs. Placentia Orange Growers' Association, No. A-70.

Fred Stebler vs. San Dimas Orange Growers' Association, No. A-71.

Fred Stebler vs. I. L. Lyon & Sons, No. A-73.

Fred Stebler vs. Elephant Orchards, No. A-74.

Fred Stebler vs. El Cajon Citrus Association, No. A-77.

Fred Stebler vs. Orange Heights Fruit Association, No. A-78.

Fred Stebler vs. Fernando Fruit Growers' Association, No. A-86.

Fred Stebler vs. Antelope Heights Orange Com-

pany, No. A-8, in the Northern Division of this court.

Fred Stebler vs. Redlands Heights Orange Growers' Association No. —.

Fred Stebler vs. Charles C. Chapman, No. A-64.

Fred Stebler vs. Covina Orange Growers' Exchange, No. A-66.

Fred Stebler vs. Walnut Fruit Growers' Association, No. A-57.

Fred Stebler vs. Pattee & Lett Company, No. A-51.

Fred Stebler vs. The West Ontario Citrus Association, No. A-65.

Fred Stebler vs. Anaheim Orange Growers' Association, No. A-43.

Fred Stebler vs. Edmund Peycke Company, No. A-67.

Fred Stebler vs. La Habra Citrus Association, No. A-62,

and has also brought another suit upon said patent against this defendant George D. Parker, entitled Fred Stebler vs. George D. Parker, No. A-90.

XIII.

That all of said defendants in the said suits mentioned in paragraph XII (exclusive of George D. Parker in the suit last named) are customers of the said George D. Parker, one of the petitioners herein, and that the acts of infringement complained of in said suits, are the use by said defendants of Fruit Grading Machines manufactured by the said George D. Parker and sold by him to said defendants, and are the same kind of machines held in this suit to be infringements, and are subject to the accounting against

the said Parker, still to be had in the present suit.
[41]

XIV.

That the said complainant Fred Stebler has threatened and still threatens and continues to threaten to bring many other similar suits against the customers of the said Parker, and that unless restrained by this Court will bring such suits, and will prosecute the same and will continue to prosecute the suits heretofore brought against said customers.

XV.

That your petitioner, the said George D. Parker, is financially able to respond to any judgment which may be rendered against him on the accounting in this case, and that whereas all of the machines complained of in the suits against his customers as aforesaid are machines made and sold by him, the said Parker, they are each and all subject to said accounting and must be accounted for by him in this case.

XVI.

That your petitioner Parker shows unto your Honors that complainant Stebler is a manufacturer and seller of the patented machines, and is not a user of the same, but that he derives his profit from his said patent solely by the manufacture and by the unconditional sale direct to the users of the said machines, and that upon the satisfaction by said Parker of any judgment of this Court which may be rendered upon the accounting herein, the infringing machines manufactured and sold by him, the said Parker, to his customers aforesaid, will be released from the patent monopoly, and the said defendants in the vari-

ous suits above named will not be liable to the said Stebler.

XVII.

That if the said Stebler be not restrained by this Court from continuing the prosecution of the said suits above named, and from bringing other suits of like nature against the customers [42] of said Parker, irreparable injury and damage will result to your said petitioner Parker, by the loss to him of his customers, who, on account of the harassment, annoyance, and expense occasioned by the acts of the said Stebler, will fall away from him in his general business and will cease to patronize him in the purchase of any and all packing-house machinery of every kind and nature and outside of and wholly foreign to the Grading Machines in question herein, for your petitioner Parker now shows to your Honors that he is a manufacturer and seller of general packing-house machinery and that he manufactures and sells many machines and apparatus in this line which have nothing to do with the Fruit Graders held to be infringements herein.

XVIII.

That your petitioner, Parker, shows to your Honors that the purpose of the said Stebler in the acts and course he is pursuing and threatens to pursue is to harass and annoy your petitioner's customers and to put them to needless expense and thereby to destroy and break up your petitioner's business, which will result to his irreparable injury and damage.

Inasmuch, therefore, as your petitioners are without any remedy, except in a court of equity, your peti-

tioners pray for an order enjoining the said Fred Stebler from further prosecuting the said suits above named, and from bringing any more suits of like nature against the customers of said Parker for the infringement of the said patent by the use of Fruit Grading Machines made and sold to them by said Parker, said injunction order to be continued until the rendition of the judgment of this Court upon the Master's report on the accounting in the present entitled cause, and your petitioners further pray that your Honors issue a [43] restraining order against said Stebler in the aforesaid matters until this petition is, upon proper motion herewith accompanying, heard and determined by your Honors.

And your petitioners will every pray.

RIVERSIDE HEIGHTS ORANGE GROWERS' ASSN.

GEORGE D. PARKER.

By N. A. ACKER,

Solicitor & Counsel for Defendants.

United States of America,
State of California,
County of Riverside,—ss.

George D. Parker, being duly sworn, on oath says; that he is the George D. Parker named in the foregoing petition to enjoin prosecution of suits for infringement; that he has read the said petition and knows the contents thereof, and that the same is true of his own knowledge.

GEORGE D. PARKER.

Subscribed and sworn to before me this 21st day of November, 1913.

[Seal]

LOTTIE E. WOOD.

[Endorsed]: No. 1562. U. S. District Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association, and George D. Parker, Defendants. Defendants' Petition to Enjoin Prosecution of Suits for Infringement. Filed Nov. 25, 1913. Wm. M. Van Dyke, Clerk. By R. S. Zimmerman, Deputy Clerk. Nicholas A. Acker, Attorney at Law, Foxcroft Building, 68 Post Street, San Francisco, Cal., for Defendants. [44]

[Affidavit of George D. Parker.]

In the District Court of the United States, Southern District of California, Southern Division.

IN EQUITY—No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEO. D. PARKER,
Defendants.

State of California,
County of Riverside,—ss.

George D. Parker, of Riverside, in the County of Riverside, State of California, being first duly sworn, deposes and says:

That he is one of the defendants in the foregoing suit.

That since the rendition of the decision by the Circuit Court of Appeals for the Ninth Circuit the complainant herein has brought a large number of suits against users of the apparatus decreed to be an infringement of reissue letters patent No. 12,297. The said suits referred to being as follows:

Fred Stebler vs. Pomona Fruit Growers' Exchange, No. A 44, Equity.

Fred Stebler vs. Whittier Citrus Association, No. A 45, Equity.

Fred Stebler vs. Indian Hill Citrus Association, No. A 49, Equity.

Fred Stebler vs. El Camino Citrus Association, No. A 50, Equity.

Fred Stebler vs. Colton Fruit Exchange, No. A 52, Equity. [45]

Fred Stebler vs. Sierra Madre La Monda Citrus Association, No. A 53, Equity.

Fred Stebler vs. Claremont Citrus Association, No. A 54, Equity.

Fred Stebler vs. La Verne Orange Growers' Association, No. A 55, Equity.

Fred Stebler vs. Lyman V. W. Brown, No. A 56, Equity.

Fred Stebler vs. Placentia Orange Growers' Association, A 70.

Fred Stebler vs. San Dimas Orange Growers' Association, A 71.

Fred Stebler vs. I. L. Lyon & Sons, A 73.

Fred Stebler vs. Elephant Orchards, A 74.

Fred Stebler vs. El Cajon Citrus Association, A 77.

Fred Stebler vs. Orange Heights Fruit Association, No. A 78.

Fred Stebler vs. Fernando Fruit Growers' Association, A 86.

Fred Stebler vs. George D. Parker, A 90.

Fred Stebler vs. Antelope Heights Orange Company, A 8. (Northern Division.)

That affiant is the manufacturer and seller of each of the machines involved in the respective suits brought against the users thereof. That he is a manufacturer of packing-house machinery, having a place of business in Riverside, County of Riverside, State of California, the Fruit Graders being one of the articles manufactured by him for the packing-houses.

That he is financially responsible and able to respond in damages to the complainant herein for all Fruit Grading Machines sold by him to the users, and which Fruit Grading Machine has been adjudged to be an infringement of the said reissue patent No. 12,297.

That all of the profits connected with the manufacture and sale of the said infringing Fruit Graders has been derived by him as the manufacturer thereof, the Fruit Graders not being sold [46] to dealers for sale to the users thereof.

That the complainant herein is a manufacturer of packing-house machinery, and has an established place of business at Riverside, County of Riverside,

State of California, and nearby to the place of business of affiant.

That the complainant derives his profit on the patented Fruit Grader by the direct sale thereof as manufacturer to the users, no dealer being employed to whom the goods are sold for sale to the user.

That in the Equity Suit No. 1562 a decree has been entered and the matter referred to a Master for accounting, and on said accounting affiant herein, as manufacturer of the machines placed into use, is accountable to the complainant for each and every of said machines.

That he is willing and able to respond unto the complainant in such an amount as the Master may find to be due unto the complainant in connection with each of the infringing devices.

That to permit the suits against the users to be continued and prosecuted at this time will create an exceedingly heavy expense to the various defendants and unto affiant, which expense is a needless one at this time, inasmuch as the entire matter can be settled and adjusted before the Master on an accounting in the present suit; and such an accounting will dispose of the entire matter and give unto the complainant all that he is justly entitled to for each and every of the infringing devices manufactured and sold by this affiant.

That all of the machines referred to in the various equity suits before mentioned are machines manufactured and sold by this affiant.

That complainant receives no revenue from the patented devices by way of royalties or by the grant-

ing of licenses for the use of the machine. The entire profit made by the complainant [47] being, as before stated, derived by the manufacture and outright sale of the patented graders to the users direct.

That in the testimony relative to the foregoing suit affiant stated the approximate number of machines which he had manufactured and sold, and those machines therein referred to are all the machines complained of in the mentioned suits brought against the various users.

GEORGE D. PARKER.

Subscribed and sworn to before me this 15th day of November, 1913.

[Seal]

MARGARET CONDON,

Notary Public in and for the County of Riverside,
State of California.

[Endorsed]: Original. C. C. 1562. In the District Court of the United States, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association and Geo. D. Parker, Defendants. No. 1562. In Equity. Affidavit of Geo. D. Parker. Filed Nov. 25, 1913. Wm. M. Van Dyke, Clerk. By R. S. Zimmerman, Deputy Clerk. N. A. Acker, Esq., Attorney for Defendants. [48]

**[Order Allowing Motion for Order Enjoining
Complainant from Prosecuting Certain Suits,
etc.]**

At a stated term, to wit: the January Term, A. D. 1914, of the District Court of the United States of America, in and for the Southern District of California, Southern Division, held at the courtroom thereof, in the City of Los Angeles, on Wednesday, the eighteenth day of February, in the year of our Lord one thousand nine hundred and fourteen—Present: The Honorable OLIN WELLBORN, District Judge.

C. C. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION et al.,

Defendants.

Frederick S. Lyon, Esq., appearing as counsel for complainant; N. A. Acker, Esq., appearing as counsel for defendants; and this cause coming on at this time for the Court's decision on defendants' motion, heretofore submitted to the Court for its consideration and decision, for an order enjoining complainant from prosecuting further certain infringement suits already begun by him against the users of the Fruit Grading Machines made by George D. Parker, and from bringing any more suits of similar

nature against the users of said machines until the judgment of the Court is rendered on the Master's report on the accounting in this cause; and the conclusions of the Court on said motion having been filed in open court, now, by consent of counsel, the following order, in accordance with the ruling of said conclusions of the Court, a draft of which order has been made by counsel and submitted to the Court, is made and entered in this cause, to wit:

AND NOW, TO WIT, FEBRUARY 18th, 1914, upon due consideration thereof, it is hereby ordered, adjudged, and decreed that defendants' motion that complainant be enjoined and restrained [49] from any further prosecution of those certain suits hereinafter set forth by name of party and number, and from bringing any other suit or suits against users of machines manufactured in substantial accordance with letters patent of the United States, No. 997,468, be and the same is hereby allowed upon the defendants therein within five days from and after the date hereof, making, executing, and filing in this court a good and sufficient bond, with the usual sureties thereon, to be approved by the Clerk of this Court, in the sum of Ten Thousand (\$10,000.00) Dollars, conditioned that the said defendants and each of them, will pay to complainant any and all judgment or judgments rendered in favor of complainant and against them, or either of them, jointly or severally, in suit Circuit Court No. 1562, which said bond shall stipulate that any such judgment or judgments in said suit shall and may be at the time of the entry thereof against said defendants, dock-

eted and entered against such surety or sureties; and it is ordered that if such bond be not filed and approved within the said time, then and in that event defendants' said motion shall stand denied.

IT IS FURTHER ORDERED that nothing contained herein shall deprive the complainant of any right of appeal which he may have from the granting of the defendants' said motion in this case, or from the order or orders in any or all of said cases, suspending complainant's motion for temporary injunction therein, to the Circuit Court of Appeals for the Ninth Circuit.

The said cases or suits referred to are pending in this court on behalf of said complainant, the numbers of such suits, and defendants therein being as follows:

Anaheim Orange Growers' Association, No. A-43.

Pomona Fruit Growers' Exchange, No. A-44.

Whittier Citrus Association, No. A-45.

Indian Hill Citrus Association, No. A-49.

El Camino Citrus Association, No. A-50. [50]

Pattee & Lett Fruit Company, No. A-51.

Colton Fruit Exchange, No. A-52.

Sierra Madre & Lamanda Citrus Association, No. A-53.

Claremont Citrus Association, No. A-54.

La Verne Orange Growers' Association, No. A-55.

Lyman V. W. Brown, No. A-56.

Walnut Fruit Growers' Association, No. A-47.

Redlands Heights Orange Growers' Association, No. A-58.

Placentia Orange Growers' Association, No. A-70.

San Dimas Orange Growers' Association, No. A-71.
I. L. Lyon & Sons, No. A-73.
Elephant Orchards, No. A-74.
El Cajon Citrus Association, No. A-77.
Orange Heights Fruit Association, No. A-78.
Fernando Fruit Growers' Association, No. A-86.
Antelope Heights Orange Company, No. A-8 in
the Northern Division of this Court.
Charles C. Chapman, No. A-64.
Covina Orange Growers' Exchange, No. A-66.
West Ontario Citrus Association, No. A-65.
Edmund Peycke Company, No. A-67.
La Habra Citrus Association, No. A-62.
George D. Parker, No. A-90.
Denman Fruit Company, No. A-75.
El Ranchito Citrus Association, Cir. Ct. No. 1675.
Fay Fruit Company, No. A-63.
Redlands Heights Orchards, Ltd., No. A-76. [51]

*United States District Court, Southern District of
California, Southern Division.*

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEORGE D. PARKER,
Defendants.

**Bond for Judgment Based on Order Restraining
Prosecution of Suits.**

KNOW ALL MEN BY THESE PRESENTS, that we, Riverside Heights Orange Growers' Association and George D. Parker, as principals and the United States Fidelity & Guaranty Company, a corporation,

A Corporation of Baltimore, Maryland.

organized and existing under and by virtue of the laws of the State of Maryland, as surety, are held and firmly bound unto Fred Stebler in the full and just sum of Ten Thousand (\$10,000) Dollars, United States gold coin, to be paid to the said Fred Stebler, his certain attorney, executor, administrators or assigns; to which payment, well or truly to be made, we bind ourselves, our heirs, executors and administrators, jointly and severally, by these presents. Sealed with our seals and dated this 21st day of February, in the year of our Lord one thousand nine hundred and fourteen. [52]

WHEREAS, lately in the United States District Court, Southern District of California, Southern Division, in a suit depending in said court entitled Fred Stebler vs. Riverside Heights Orange Growers' Association and George D. Parker, Cir. Ct. No. 1562, and the said Riverside Heights Orange Growers' Association and George D. Parker on the 18th day of February, 1914, having obtained from this Court an order in the following words and figures, to wit:

*“United States District Court, Southern District of
California, Southern Division.*

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS’
ASSOCIATION and GEORGE D. PARKER,
Defendants.

AND NOW, TO WIT, FEBRUARY 18th, 1914, upon due consideration thereof, it is hereby ordered, adjudged, and decreed that defendants’ motion that complainant be enjoined and restrained from any further prosecution of those certain suits hereinafter set forth by name of party and number, and from bringing any other suit or suits against users of machines manufactured in substantial accordance with letters patent of the United States, No. 997,468, be and the same is hereby allowed upon the defendants therein within five days from and after the date hereof, making, executing, and filing in this court a good and sufficient bond, with the usual sureties thereon, to be approved by the Clerk of this court, in the sum of Ten Thousand (\$10,000) Dollars, conditioned that the said defendants and each of them, will pay to complainant any and all judgment or judgments rendered in favor of complainant and against them, or either of them, jointly or severally, in suit Circuit Court No. 1562, which said bond shall stipulate that any such judgment or judgments in said suit

shall and may be at the time of the entry thereof against said defendants, docketed and entered against such surety or sureties; and it is ordered that if such bond be not filed and approved within the time, then and in that event defendants' said motion shall stand denied. [53]

IT IS FURTHER ORDERED that nothing contained herein shall deprive the complainant of any right of appeal which he may have from the granting of the defendants' said motion in this case, or from the order or orders in any or all of said cases, suspending complainant's motion for temporary injunction therein, to the Circuit Court of Appeals for the Ninth Circuit.

The said cases or suits referred to are pending in this court on behalf of said complainant, the numbers of such suits, and defendants therein being as follows:

Anaheim Orange Growers' Association, No. A-43.

Pomona Fruit Growers' Exchange, No. A-44.

Whittier Citrus Association, No. A-45.

Indian Hill Citrus Association, No. A-49.

El Camino Citrus Association, No. A-50.

Pattee & Lett Fruit Company, No. A-51.

Colton Fruit Exchange, No. A-52.

Sierra Madre & Lamada Citrus Association, No. A-53.

Claremont Citrus Association, No. A-54.

La Verne Orange Growers' Association, No. A-55.

Lyman V. W. Brown, No. A-56.

Walnut Fruit Growers' Association, No. A-57.

Redlands Heights Orange Growers' Association,
No. A-58.

Placentia Orange Growers' Association, No. A-70.

San Dimas Orange Growers' Association, No. A-71.

I. L. Lyons & Sons, No. A-73.

Elephant Orchards, No. A-74.

El Cajon Citrus Association, No. A-77.

Orange Heights Fruit Association, No. A-78.

Fernando Fruit Growers' Association, No. A-86.

Antelope Heights Orange Company, No. A-8 in the
Northern Division of this Court.

Charles C. Chapman, No. A-64.

Covina Orange Growers' Exchange, No. A-66.

West Ontario Citrus Association, No. A-65.

Edmund Peycke Company, No. A-67.

La Habra Citrus Association, No. A-62.

George D. Parker, No. A-90.

Denman Fruit Company, No. A-75.

El Ranchito Citrus Association, Cir. Ct. No. 1675.

Fay Fruit Company, No. A-63.

Redlands Heights Orchards, Ltd., No. A-76.

Los Angeles, California, February 18th, 1914.

District Judge."

Now the condition of the above obligation is such, that if the said defendants Riverside Heights Orange Growers' Association and George D. Parker and each of them will pay to complainant any and all judgment or judgments rendered in favor of complainant and against them or either of them, jointly or severally, in suit Circuit Court No. 1562, it being

hereby stipulated that any such judgment or judgments in said suit shall and may be at the time of the entry thereof against said defendants docketed and entered against such surety or sureties, then the above obligation to be void, otherwise [54] to remain in full force and virtue.

RIVERSIDE HEIGHTS ORANGE GROWERS' ASSOCIATION,

By H. D. FRENCH, Pres.

[Seal]

C. B. BAYLEY, Sec'y.

GEORGE D. PARKER,

THE UNITED STATES FIDELITY &
GUARANTY COMPANY,

By VAN R. KELSEY, [Seal]

Its Attorney in Fact.

State of California,

County of Los Angeles,—ss.

On this 21st day of February in the year one thousand nine hundred and fourteen, before me, Hallie D. Winebrenner, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared Van R. Kelsey known to me to be the duly authorized attorney in fact of The United States Fidelity and Guaranty Company, and the same person whose name is subscribed to the within instrument as the attorney in fact of said company, and the said Van R. Kelsey duly acknowledged to me that he subscribed the name of The United States Fidelity and Guaranty Company thereto as principal and his own name as attorney in fact.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Seal] HALLIE D. WINEBRENNER,
Notary Public in and for Los Angeles County, State
of California.

[Endorsed]: U. S. District Court, Southern District of Calif., Southern Division. Fred Stebler, Compt., vs. Riverside Heights Orange Growers' Assn. & George D. Parker, Defts. In Equity. Cir. Ct. No. 1562. Bond for Judgment Based on Order Restraining Prosecution of Suits. Approved and filed this 21st of February, 1914. Wm. M. Van Dyke, Clerk. N. A. Acker, Foxcroft Building, San Francisco, Calif., Atty. for Defendants. [55]

*In the District Court of the United States, for the
Southern District of California, Southern
Division.*

C. C. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION et al.,

Defendants.

**Conclusions of the Court on Defendants' Motion to
Restrain Prosecution of Pending Suits, and the
Institution of Others. [56]**

1.

Complainant has thus far utilized the patent by

manufacturing and selling directly to users his patented machines, and in this case has sued for and recovered of infringing manufacturers, who also sold directly to users, profits and damages.

2.

The Master has full power to inquire into and find all acts of infringement by either *part*, and to award profits and damages for all such infringing acts. (Robinson on Patents, section 1153, and note cited; *Tatham vs. Lowber*, 4 Blatch. 86, 23 Fed. Cases, 722, case No. 13,765.)

The accounting is had up to the time of the report. (*Knox vs. Great Western Quicksilver M. Co.*, 6 Sawyer, 430, 14 Fed. Cases, 430, case No. 7947.)

3.

Where a patentee, situated as complainant, recovers from an infringing manufacturer damages and profits on account of the infringement, and the judgment is paid, the purchaser from such manufacturer, who is a user of the machine, has the same right to such use as he would have were he a licensee from the patentee, that is, the right to use continues during the life of the patented machine. (*Allis vs. Stowell*, 16 Fed. 783; *Gilbert & Barker Mfg. Co. vs. Bussin*, 12 Blatch. 426, 10 Fed. Cases, 348, case No. 5416; *Perrigo vs. Spaulding*, 13 Blatch. 389, 19 Fed. Cases, 260, case No. 10,994; *Spaulding vs. Page*, 4 Fisher, 621, 22 Fed. Cases, 892, case No. 13,219; *Stutz vs. Armstrong et al.*, 25 Fed. 147; *Fisher et al. vs. Consolidated A. Mine, etc.*, 25 Fed. 201; [57] *U. S. Printing Co. vs. American Playing Card Co.*, 70

Fed. 50; Kelley vs. Ypsilanti etc. Mfg. Co., 44 Fed. 19.)

The case on which complainant largely relies, Birdsell vs. Shaliol, 112 U. S. 185, does not conflict, but is in harmony with this doctrine. While the Court, in that case, holds, that payment by an infringing manufacturer of damages only will not vest in him any right to the future of the infringing machine, yet the Court seemingly recognizes the rule, that full compensation to the patentee does free the infringing machine from the monopoly, the language of the Court being :

“If one person is in any case exempt from being sued for damages for using the same machine for the making and selling of which damages have been recovered against and paid by another person, it can only be when actual damages have been paid, and upon the theory that the plaintiff had been deprived of the same property by the acts of two wrongdoers, and has received full compensation from one of them.”

Payment of damages and profits is full compensation.

The law on this subject is well stated in Perrigo vs. Spaulding, *supra*, as follows :

“But, where the patentee sells his patented instrument or machine for use by others, finding his remuneration in the profit of the sale of the manufactured machine or instrument, it is obvious that his interest is promoted by increasing the sale, and that into his profit enters the value

of the patented invention over and above the cost of manufacture and the ordinary fair profit of the manufacture. Even if no patent or license fee is fixed, the value thereof, as a profit, enters into the selling price, and if not capable of exact ascertainment, [58] may, nevertheless, be approximated to by estimation, when necessary. When the patentee sells, he receives this profit, and thus obtains full compensation for the article sold and for the right to use it while it lasts. When, for an infringement, he obtains both the profits and damages, he will be presumed to have obtained a full compensation for all the injury he has sustained, and to be placed in as good a position as if he had made and sold the article himself. Such is, I think the presumption between parties thus situated, and, if any different rule is sought to be applied in any particular case, it should appear that a recovery has not been sought or obtained for the whole gains of the manufacture as well as for all damages sustained. *Spaulding vs. Page*, before cited; *Gilbert & B. Manufacturing Co. vs. Bussing* (Case No. 5,416). When a patentee manufactures and sells his patented article for use, the right to use passes by the sale. If an infringer manufactures and sells, he must account for and pay the profits, which are to be calculated upon the principle that the gain by the appropriation by the patentee's invention is their measure. If there are damages sustained and proved by the plaintiff, beyond the

profits made by the infringer, these also may be recovered. But, when a full recovery and satisfaction has been had, the patentee has obtained all that the law gives him, and the particular article or machine, if it be a machine, becomes, in effect, licensed by the patentee, and may be used so long as it lasts, free from any further claim by the patentee.”

To the same effect, in *Spaulding vs. Page*, *supra*, the Court says: [59]

“Where a patentee does not use the patented machine himself, nor establish a patent fee, but manufactures the patented article, and sells at fixed prices, seeking his compensation in the profits of the manufacture and sale at such fixed prices, and another party infringes the patent by making and selling the patented article; and where the patentee sues the party so infringing, and claims to recover, and does recover the full amount of profits which he himself would have obtained on said articles had he manufactured and sold them at his ordinary prices, by such claim and recovery he adopts the sale made by the party infringing, and the right to use the specific article so sold, and for which the recovery has been had, vests in the purchaser.”

In *U. S. Printing Co. vs. American Playing Card Co.*, *supra*, another case cited by complainant, the same rule is stated thus:

“Where a patentee takes a decree for profits against a manufacturing infringer, he thereby

sets the manufactured machine free. The distinction is obvious. In such cases the profits of the infringer are full compensation to the complainant for the wrong done him by the unauthorized manufacture and sale of the infringing machine; but, where there is merely a settlement or judgment for damages, it is only for damages in the past, and has no relation to the future."

The distinction between the recovery of mere damages and a recovery of damages and profits is expressly recognized in another of the cases cited by complainant, *Computing Scale Co. vs. National C. S. Co.*, 79 Fed. 962, 966, where the Court says:

"As to the prayer for an injunction against suing users [60] who have purchased from defendants, the complainant's bill as framed prayed for an injunction and account of profits, as well as for damages against the defendant company. Upon the argument of the motion, the bill, not having been answered, was amended by striking out the prayer for an account of profits, leaving only the claim for damages. This brings the case directly within the rule laid down in *Birdsell vs. Shaliol*, 112 U. S. 485. The right of the complainant, under the authority of that case, to sue the users, is undeniable; and, if the right to sue exists, the right to warn by letters, or by circulars, or by advertisements in newspapers, exists, and cannot be enjoined."

In Kelley vs. Ypsilanti etc. Mfg. Co., *supra*, another case relied on by complainant, the Court says:

“So, in Allis vs. Stowell, 16 Fed. Rep. 783, in which the injunction was denied, it was intimated that, ‘where a patentee recovers from an infringing manufacturer full damages and profits on account of the infringement, the purchaser from such manufacturer, who is a user of the machine, will be protected in such use against a suit for infringement, as he would be if he were a licensee from the patentee.’ In this view of the law it was held that, to prevent a multiplicity of suits, the Court might, in a proper case, and on proper showing, require the prosecution of suits between a patentee and a mere user of the patented machine to be suspended, to await the result of the suit between the patentee and the principal infringer from whom the user purchased this machine,—a doctrine in which we fully concur, although we think the application should be made to the courts in which these suits are pending.”

It should be observed, that this enunciation was by [61] Brown, then District Judge for the Eastern District of Michigan, subsequently Associate Justice of the Supreme Court of the United States, not only an eminent jurist, but one notably learned in the patent law, and that, in the opinion in which the enunciation was made, Birdsell vs Shaliol, *supra*, was considered and discussed.

The distinction between full and partial compen-

sation, that is, between payment of profits and damages and payment of damages alone, seems to be recognized also in a quotation made in complainant's brief from Walker on Patents, 4th edition, section 676, page 276, as follows:

“Where the money recovered in an infringement suit for unlicensed making and selling of a specimen of a patented thing, is recovered as damages for such making and selling alone; that recovery does not operate as an implied license authorizing the use of that specimen.”

4.

While the pendency of a suit for infringement against the manufacturer is no bar to a suit against users of machines bought from the manufacturer, still, if the patentee sues the manufacturer for profits as well as damages, a court of equity, in a proper case, will restrain the suit against the users until the termination of the suit against the manufacturer. (Birdsell vs. Hagerstown A. I. Mfg. Co., 1 Hughes, 64, 3 Fed. Cases 450, case No. 1437; National C. R. Co. vs. Boston C. I. & R. Co. et al., 41 Fed. 51.)

In the latter case the Court says:

“The power of a court of equity, by petition in the main suit against a manufacturer, to restrain a complainant from [62] bringing further suits against the purchasers or users of a patented article, seems to be recognized in this country, and to be founded upon sound principles of equity. *Ide* vs. Engine Co., 31 Fed. Rep. 901; *Allis* vs. *Stowell*, 16 Fed. Rep. 783; *Bird-*

sell vs. Manufacturing Co., 1 Hughes (U. S.), 64. Also the unreported cases of National Cash Register Co. vs. Bensinger Self-Adding Cash Register Co., decided by Judge Blodgett in the Northern District of Illinois, and Consolidated Store Service Co. vs. Lamson Consolidated Store Service Co., decided by Judge Nelson of this District. Recognizing the existence of the power of this Court to restrain the complainant, as prayed for, the only question which remains is whether the defendants have made out a case upon their affidavits which entitles them to this relief. I think an examination of the affidavits shows that the numerous suits brought by the complainant against the customers of the defendants are vexatious and oppressive, and that therefore an injunction should be granted as prayed for.”

The pending suits against users, thirty-one in number, and similar suits which complainant threatens to bring, are, and would be, I think, under all the circumstances of this case, oppressive, and accordingly defendants’ motion will be allowed to the extent of enjoining complainant from further prosecuting the pending suits, or bringing other similar suits, until final decree herein, or until otherwise ordered by this Court, provided defendants, within five days, file a bond in the sum of Ten Thousand Dollars, with good and sufficient sureties, to be approved by the Clerk of this court, for the payment of any damages and profits that may be adjudged against [63] them in this suit.

Defendants' attorney will prepare an order in conformity with these conclusions, and, after serving a copy on complainant's attorney, submit the original to this Court for its action thereon.

OLIN WELLBORN,
Judge.

[Endorsed]: C. C. No. 1562. U. S. District Court, Southern District of California, Southern Division. Fred Stebler vs. Riverside Heights O. G. Assn. et al. Conclusions of the Court on Defendants' Motion to Restrain Prosecution of Pending Suits, and the Institution of Others. Filed February 18, 1914. Wm. M. Van Dyke, Clerk. By C. E. Scott, Deputy Clerk. [64]

*United States District Court, Southern District of
California, Southern Division.*

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEORGE D. PARKER,
Defendants.

Petition for Order Allowing Appeal.

The complainant in the above-entitled suit, conceiving himself aggrieved by the order made and entered by said Court in the above-entitled cause on the 18th day of February, 1914, granting defendants' motion that complainant be enjoined and restrained from

any further prosecution of those certain suits set forth in said order and from bringing any other suit or suits against users of machines manufactured in substantial accordance with letters patent of the United States No. 997,468, and ordering that complainant be so enjoined as in said order set forth, comes now by Frederick S. Lyon, Esq., his solicitor and counsel, and petitions said Court for an order allowing complainant to prosecute and appeal from said order granting said injunction and restraining complainant as aforesaid, to the Honorable, the United States Circuit Court of Appeals for the Ninth Circuit, under and according to the laws of the United States in that behalf made and provided; and also that an order be made fixing the sum of security which complainant shall give and [65] furnish upon such *such* an appeal.

And your Petitioner will ever pray.

FREDERICK S. LYON,

Solicitor and of Counsel for Complainant.

[Endorsed]: Cir. Ct. No. 1562. United States *Circuit* Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association and George D. Parker, Defendants. Petition for Order Allowing Appeal. Filed Mar. 4, 1914. Wm. M. Van Dyke, Clerk. By Chas. N. Williams, Deputy Clerk. Frederick S. Lyon, 504-7 Merchants Trust Building, Los Angeles, Cal., Solicitor for Complainant. [66]

*United States District Court, Southern District of
California, Southern Division.*

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEORGE D. PARKER,
Defendants.

Assignments of Error.

Comes now the complainant above named and specifies and assigns the following as the errors upon which he will rely upon his appeal to the United States Circuit Court of Appeals for the Ninth Circuit, from the decree or order of February 18th, 1914, enjoining and restraining complainant in the above-entitled suit:

1. That the District Court of the United States for the Ninth Circuit, Southern District of California, Southern Division, was without jurisdiction in said cause to make said order;

2. That the District Court of the United States for the Ninth Circuit, Southern District of California, Southern Division, erred in granting defendants' said motion;

3. That said Court erred in ordering, adjudging or decreeing that complainant be enjoined or restrained from any further prosecution of the suits enumerated in said order of February 18th, 1914, or any thereof; [67]

4. That said Court erred in ordering, adjudging, or decreeing that complainant be enjoined or restrained from bringing any other suit or suits against users of machines manufactured in substantial accordance with letters patent of the United States No. 997,468;

5. That said Court erred in holding that in this suit an accounting under the interlocutory decree herein is not limited to the acts of joint infringement and the profits and damages which the respective defendants have respectively received from or inflicted upon complainant by such joint infringement, and in holding that the Master has full power to inquire into and find all acts of infringement by either defendant herein irrespective of whether such acts were joint or in any manner part of the joint infringement or were the joint acts of one of these defendants and other persons, not parties hereto, and not connected with the other defendant herein;

6. Said Court erred in holding that any judgment whatever could be rendered in this suit which would operate as a license to all or any of the respective defendants in the thirty-one suits enjoined in and by said order of February 18th, 1914, to continue the use of the respective infringing machines in the possession and use of said respective defendants;

7. Said Court erred in holding that any judgment which could be rendered in this suit would operate as a license to free any or all of the machines manufactured by the defendant George D. Parker, in infringement of the reissue patent sued on herein;

8. Said Court erred in holding that "where a patentee, situated as complainant, recovers from an

infringing [68] manufacturer damages and profits on account of the infringement, and the judgment is paid, the purchaser from such manufacturer, who is a user of the machine, has the same right to such use as he would have were he a licensee from the patentee, that is, the right to use continues during the life of the patented machine."

9. Said Court erred in holding that said thirty-one suits enumerated in said order of February 18th, 1914, are, or the further prosecution thereof would be, oppressive;

10. Said Court erred in not holding that inasmuch as no judgment freeing the machines in use by the defendants in and involved in the thirty-one suits enumerated in said order of February 18th, 1914, has been rendered herein and has been satisfied in full, complainant was entitled to prohibit any further use of such machines until such time as the defendants therein had acquired a license from complainant authorizing the further use of such machines;

11. Said Court erred in not finding and holding that any judgment which might or could be rendered in this suit against either of said defendants would not authorize or license the continuation in use of the machines now in the possession of the defendants in and involved in the thirty-one suits enumerated in said order of February 18th, 1914;

12. Said Court erred in not holding that complainant was entitled to prohibit the continuation by the defendants in said thirty-one suits, and each thereof, of the unlawful infringement of reissue let-

ters patent No. 12,297 until such time at least as the use of such machines became lawful.

In order that the foregoing assignments of error may be and appear of record, the complainant presents the same to the Court and prays that such disposition may be made thereof as is in accordance with the laws of the United States. [69]

WHEREFORE, the said complainant prays that the said order of this Court made and entered on February 18th, 1914, enjoining and restraining complainant be reversed and that the United States District Court for the Southern District of California, Southern Division, be directed to enter an order setting aside the said order or decree of February 18th, 1914.

All of which we respectfully submit.

FREDERICK S. LYON,
Solicitor and of Counsel for Complainant.

[Endorsed]: Cir. Ct. No. 1562. United States *Circuit* Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association and George D. Parker, Defendants. Assignments of Error. Filed Mar. 4, 1914. Wm. M. Van Dyke, Clerk. By Chas. N. Williams, Deputy Clerk. Frederick S. Lyon, 504-7 Merchants Trust Building, Los Angeles, Cal., Solicitor for Complainant. [70]

*United States District Court, Southern District of
California, Southern Division.*

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEORGE D. PARKER,
Defendants.

Order Allowing Appeal, etc.

In the above-entitled cause, the complainant having filed his petition for an order allowing an appeal from the order of this Court made and entered February 18th, 1914, together with assignments of error;

Now, upon motion of Frederick S. Lyon, Esq., solicitor for complainant, it is ordered that said appeal be, and hereby is, allowed to complainant, to the United States Circuit Court of Appeals for the Ninth Circuit, from the said decree or order made and entered by this Court in this cause on February 18th, 1914, that complainant be enjoined and restrained from any further prosecution of those certain suits set forth in said order, and from bringing any other suit or suits against users of machines manufactured in substantial accordance with letters patent of the United States No. 997,468, and that the amount of complainant's bond on said appeal be, and the same is hereby, fixed at the sum of Two Hundred and [71] Fifty Dollars (\$250.00).

IT IS FURTHER ORDERED, that upon the filing of such security a certified transcript of the records and proceedings herein be forthwith transmitted to said United States Circuit Court of Appeals for the Ninth Circuit, in accordance with the rule in equity of the Supreme Court of the United States and the statutes made and provided.

Dated March 4th, 1914.

OLIN WELLBORN,
Judge.

[Endorsed]: Cir. Ct. No. 1562. United States Circuit Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights O. G. Association and George D. Parker, Defendants. Order Allowing Appeal, etc. Filed Mar. 4, 1914. Wm. M. Van Dyke, Clerk. By Chas. N. Williams, Deputy Clerk. Frederick S. Lyon, 504-7 Merchants Trust Building, Los Angeles, Cal., Solicitor for Complainant. [72]

*United States District Court, Southern District of
California, Southern Division.*

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS'
ASSOCIATION and GEORGE D. PARKER,
Defendants.

Bond on Appeal.

KNOW ALL MEN BY THESE PRESENTS, That Fidelity and Deposit Company of Maryland, a corporation organized and existing under the laws of the State of Maryland, and duly licensed to transact business in the State of California, is held and firmly bound unto Riverside Heights Orange Growers' Association and George D. Parker, defendants in the above-entitled suit, in the penal sum of Two Hundred and Fifty Dollars (\$250.00), to be paid to the said Riverside Heights Orange Growers' Association and George D. Parker, their heirs and assigns for which payment, well and truly to be made, the Fidelity and Deposit Company of Maryland binds itself, its successors, and assigns firmly by these presents.

Sealed with corporate seal and dated this 5th day of March, 1914.

The condition of the above obligation is such that whereas the said Fred Stebler, complainant in the above-entitled suit, is about to take an appeal to the United States [73] Circuit Court of Appeals for the Ninth Circuit, to reverse an order or decree made, rendered, and entered on the 18th day of February, 1914, by the District Court of the United States, for the Southern District of California, Southern Division, in the above-entitled cause by which the complainant, Fred Stebler, was enjoined and restrained from any further prosecution of those certain suits set forth in said order and from bringing any other suit or suits against users of machines manufactured in substantial accordance with letters patent of the

United States No. 997,468:

NOW, THEREFORE, the condition of the above obligation is such that if Fred Stebler shall prosecute his said appeal to effect and answer all costs which may be adjudged against him if he fail to make good his appeal, then this obligation shall be void; otherwise to remain in full force and effect.

FIDELITY AND DEPOSIT CO. OF MD.

By S. T. MACCUBBIN, [Seal]

Attorney in Fact.

HARRY D. VANDEVEER,

Agent.

State of California,

County of Los Angeles,—ss.

On this 5th day of March, 1914, before me, Nelson A. Frazar, a Notary Public in and for the said County of Los Angeles, State of California, residing therein, duly commissioned and sworn, personally appeared S. T. Maccubbin, known to me to be the *attorney fact*, and Harry D. Vandever, known to me to be the agent of the Fidelity and Deposit Company of Maryland, the corporation that executed the within instrument, and acknowledged to me that said corporation executed the same; that the signatures to said instrument of [74] said attorney in fact and agent, respectively, are the genuine signatures, respectively, of said S. T. Maccubbin, its attorney in fact, and said Harry D. Vandever, its agent.

[Seal]

NELSON A. FRAZAR,

Notary Public in and for the County of Los Angeles,
State of California.

[Endorsed]: Cir. Ct. No. 1562. United States Circuit Court, Southern District of California, Southern Division. Fred Stebler, Complainant, vs. Riverside Heights Orange Growers' Association and George D. Parker, Defendants. Bond on Appeal. The within Bond and Surety thereon is hereby approved this 6th day of March, 1914. Olin Wellborn, Judge. Filed March 6, 1914. Wm. M. Van Dyke, Clerk. By C. E. Scott, Deputy Clerk. Frederick S. Lyon, 504-7 Merchants Trust Building, Los Angeles, Cal., Solicitor for Complainant. [75]

UNITED STATES OF AMERICA.

*District Court of the United States Southern District
of California, Southern Division.*

CLERK'S OFFICE.

IN EQUITY—Cir. Ct. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROW-
ERS' ASSOCIATION and GEORGE D.
PARKER,

Defendants.

Praeipie [for Transcript of Record on Appeal].

To the Clerk of said Court:

Sir: Please prepare as a transcript of record on the appeal in this suit by complainant from the order of February 18, 1914, a copy of each of the following, and duly certify the same as the Transcript on

said Appeal, in accordance with Rule 75 of the Equity Rules of the Supreme Court:

The bill of complaint;

The answer of defendants;

The interlocutory decree;

Defendants' petition to enjoin prosecution of suits for infringement;

The affidavit of George D. Parker (verified November 15, 1913, and filed in support of said petition);

The order of February 18, 1914, granting said petition or motion of defendants;

The bond filed on behalf of defendants under said order;

The conclusions of the Court deciding said petition or motion of defendants.

FREDERICK S. LYON,

Solicitor for Complainant.

[Endorsed]: Cir. Ct. No. 1562. U. S. District Court, Southern District of California, So. Division. Fred Stebler vs. Riverside Heights Orange Growers' Assn. Praecipe for Transcript of Record on Appeal. Filed Mar. 21, 1914. Wm. M. Van Dyke, Clerk. By Chas. N. Williams, Deputy Clerk. [76]

[Certificate of Clerk U. S. District Court to Transcript of Record.]

*In the District Court of the United States of America
in and for the Southern District of California,
Southern Division.*

C. C. No. 1563.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROW-
ERS' ASSOCIATION and GEORGE D.
PARKER,

Defendants.

I, Wm. M. Van Dyke, Clerk of the District Court of the United States of America, in and for the Southern District of California, do hereby certify the foregoing seventy-six typewritten pages, numbered from 1 to 76 inclusive, and comprised in one volume, to be a full, true and correct copy of the Bill of Complaint, Answer, Interlocutory Decree, Defendants' Petition to Enjoin Prosecution of Suits for Infringement, Affidavit of George D. Parker, Order of Court Granting said Petition, Bond for Judgment based on Order Restraining Prosecution of Suits, Conclusions of the Court on Defendants' Motion to Restrain Prosecution of Pending Suits and the Institution of Others, Petition for Order Allowing Appeal, Assignment of Errors, Order Allowing Appeal, Bond on Appeal, and Praecipe for Transcript of Record on Appeal, in the above and therein entitled

cause, and that the same together constitute the record in said cause, as specified in the Praecipe filed in my office on behalf of the appellant, by his attorney of record, on complainant's appeal to the United States Circuit Court of Appeals for the Ninth Circuit from [77] the order made and entered by the above-entitled District Court in said cause on the 18th day of February, 1914, that complainant be enjoined and restrained from any further prosecution of those certain suits set forth in said order, and from bringing any other suit or suits against users of machines manufactured in substantial accordance with letters patent of the United States No. 997,468.

I do further certify that the cost of the foregoing record is \$40 10/00, the amount whereof has been paid me on behalf of Fred Stebler, the appellant in said cause.

In testimony whereof, I have hereunto set my hand and affixed the seal of the District Court of the United States of America, in and for the Southern District of California, Southern Division, this 28th day of March, in the year of our Lord one thousand nine hundred and fourteen and of our Independence the one hundred and thirty-eighth.

[Seal]

WM. M. VAN DYKE,

Clerk of the District Court of the United States of America, in and for the Southern District of California. [78]

[Endorsed]: No. 2394. United States Circuit Court of Appeals for the Ninth Circuit. Fred Stebler, Appellant, vs. Riverside Heights Orange Growers' Association and George D. Parker, Appellees. Transcript of Record. Upon Appeal from the United States District Court for the Southern District of California, Southern Division.

Received and filed April 1, 1914.

FRANK D. MONCKTON,
Clerk of the United States Circuit Court of Appeals
for the Ninth Circuit.

By Meredith Sawyer,
Deputy Clerk.

No. 2394.

United States
Circuit Court of Appeals
FOR THE NINTH CIRCUIT.

Fred Stebler,

Complainant, Appellant,

vs.

**Riverside Heights Orange Grow-
ers Association and George D.
Parker,**

Defendants, Appellees.

APPELLANT'S BRIEF.

This case comes before this court on an appeal by complainant from an order of the District Court of the United States for the Southern District of California, Southern Division, allowing defendants an injunction enjoining and restraining complainant from prosecuting certain suits to enjoin infringements by others of the re-issue patent herein sued on or from bringing any further or other suit or suits against anyone who may have made, used, or sold a fruit grading machine substantially embodying the construction illustrated and described in the Parker Patent No. 997,468, whether acquired from or through either of these defendants.

This suit was instituted in May, 1910, by complainant against these two defendants who were constructing in the packing house of the Riverside Heights Orange Growers Association at Riverside, California, for use therein, five graders in substantial accordance with said Parker Patent No. 997,468.

Upon final hearing in the lower court this suit was dismissed, the lower court holding that such so-called Parker grader was not an infringement. Upon appeal to this court such decree of dismissal was reversed and the case remanded with instructions to grant the relief prayed in the bill of complaint. The opinion of this court on such hearing is reported in

²⁰⁵
~~210~~ *Federal Reporter*, 735.

Upon the filing of the mandate of this court in the District Court for the Southern District of California, a decree in conformity with such mandate was entered and an injunction issued, enjoining both of these defendants from any further manufacture, use, or sale of the so-called Parker grader, and this injunction still remains in force, and defendant Riverside Heights Orange Growers Association is still in possession of the five infringing machines which formed the basis of this suit and which were complained of in the bill of complaint herein.

Although this suit was instituted *in May, 1910*, and has been vigorously prosecuted by complainant, the only relief that complainant has as yet received has been the issuance of the injunction *in November, 1913*, enjoining the defendants from the further use of infringing machines. *No accounting has been had nor*

has any judgment for damages or profits been rendered against the defendants or paid to the complainant.

The action of the District Court, from which this appeal was taken, denies the complainant any relief against the continued infringement of these letters patent by between forty and fifty individuals and concerns having no connection, in any manner, with the Riverside Heights Orange Growers Association, although no defense of any kind is interposed in their behalf, the answers in the suits brought against them being each a duplicate of the answer of the defendants in this case, and such forty or fifty others continue their infringing use protected in their piracies by this injunction of the District Court, and complainant must stand idly by and see his property used without his consent and without compensation to him. He is compelled to spend his money in litigation and is enjoined from securing any protection by the courts.

The bill of complaint in this case alleged a joint tort by the two defendants herein, Riverside Heights Orange Growers Association and George D. Parker, in the making and use of these infringing machines. The evidence showed that they were built by defendant Parker for the Riverside Heights Orange Growers Association and in its packing house at Riverside, California.

Defendant George D. Parker, however, after the filing of the bill in this suit, continued engaged, individually and alone, in the manufacture and sale generally of infringing machines embodying substantially the same construction. The defendant Riverside Heights Orange Growers Association has had no part

therein nor has it in any manner been connected with or privy to said Parker's further acts of infringement. On the contrary, various other persons, corporations, and associations have each jointly with said Parker, but without joint action or interest with each other, infringed the patent herein sued on, and have thereby been joint tort feasons with defendant Parker (but not with defendant Riverside Heights Orange Growers Association) in some forty or fifty separate and independent torts committed against complainant's property in the said reissue Letters Patent by the sale and use of infringing machines.

It is elementary that complainant could not have joined in one suit as parties defendant both Mr. Parker and each of the several corporations or associations for whom Mr. Parker built infringing machines and who respectively jointly with Mr. Parker, infringed complainant's patent,—Mr. Parker by the making and sale and each of these corporations or associations by causing the same to be made and by using,—*because* there was no joint liability of the several corporations or associations and no joint act of such several corporations or associations and no privity of interest between any two of them in their respective infringing acts or torts. It is clear that a bill of complaint which joined as parties defendant corporations who were not privy to or in any manner interested in the acts of each other would be multifarious.

Complainant's first proposition, therefore, is that:

This suit is limited to and cannot extend beyond the joint act or acts of the defendants herein; that while full recovery can be had herein of all profits received

by either of the defendants *arising out of the joint acts of these defendants* and recovery can be had of all damages suffered by complainant by reason of *any joint act or acts of the defendants*, the bill of complaint cannot be extended to cover the individual and independent acts of one of the defendants in which the other defendant had no part and to which the other defendant was not privy or in any manner interested or connected.

If this proposition states the correct rule of law, then the order of the District Court enjoining this complainant from proceeding against other persons who, *not connected with any joint act of these defendants*, have infringed upon complainant's patent, either by manufacture, use, or sale, is erroneous, for the reason that in this suit complainant can have no remedy whatever against such independent infringement.

Complainant does not deny that on an accounting in equity the master will inquire into what profits each of the joint defendants have respectively made out of the joint act or tort, whether or not each defendant has partaken or shared in all the profits accruing from such joint act or acts, but submits that any accounting must be limited to the joint acts of the defendants and that such an accounting cannot embrace *acts of one of the defendants independent of the other defendant* and either alone or in connection with parties not made defendants in the suit, for such are not a part of the cause of action set forth in the bill of complaint and are independent causes of action not directly embraced within the cause of action set forth in the bill of complaint.

The complainant submits this proposition to the court for its determination *in limine* for the reason that if it be well founded in law and fact then the entire theory upon which the District Court acted is moot and no judgment can be rendered herein, even under the theory of the law applied by the District Court, which would have any effect whatever upon complainant's rights of action against either Mr. Parker or against any one of said other corporations or associations for such independent tort or torts and it is *necessary* for complainant to prosecute and bring the suits enjoined, otherwise it is impossible for him to enforce his rights. This question must be decided before it can be determined whether any judgment can possibly be rendered in this case which could effect the result *anticipated* by the District Court.

The liability of joint tort feasons is joint and several and where a judgment for damages is rendered for a tort the judgment is rendered against all joint tort feasons jointly and severally.

Cooley on Torts, page 136.

The interlocutory decree in this case directs the master to ascertain the damages suffered by complainant from the joint tortious acts of the defendants. Any judgment for damages, therefore, will be against the two defendants jointly and severally and the doctrine of contribution does not apply to such a judgment. It is clear that if this was an action at law for damages the recovery would be limited to such damages as complainant had suffered by reason of the joint acts of the defendants, and inasmuch as equity follows

the law in the enforcement of purely legal remedies, and the assessment of damages is a purely legal remedy, it is submitted that equity will follow the law in respect to any assessment of damages in this suit, and such damages must arise out of the joint acts of the defendants.

It is true that the interlocutory decree in this case also directs the master to ascertain the profits derived by the defendants from the infringement of complainant's property. It is submitted that this means the profits derived from the joint infringement. We call the court's attention to the fact that one of the first things requisite upon such an accounting is an election by the complainant as to whether he will take the profits or damages, and in this connection we call the court's attention to the fact that the opinion of the lower court seems to be entirely based upon the theory that complainant will elect damages and this is, perhaps, the fact as it is probably utterly impossible to prove or to ascertain what profits the defendants have actually derived from the infringement.

This suit presents a rather unusual situation. In May, 1910, the defendant, Riverside Heights Orange Growers Association, contracted with the defendant Parker to build for it five infringing graders in its packing house at Riverside, California. Before the completion of any of these machines this suit was instituted by complainant against the defendants. Upon the decision by this court sustaining complainant's bill of complaint and determining that such machines were an infringement of complainant's patent, an injunction

was issued against defendants as prayed in complainant's bill.

In the meantime the defendant Parker had manufactured between eighty and a hundred other infringing machines *for other persons, firms, and corporations*. All of these machines are still in use, in the hands of the purchasers, and are being continuously used by such purchasers. *The complainant is compelled by the injunctive order of the District Court to sit by idly and permit his property to be used by others without his consent and against his will and in open, notorious, and admitted defiance of his patent rights as established by the mandate of this court. It is admitted that none of these infringers have yet acquired any right or license to use any of these machines.*

By means of this injunctive order of the District Court these infringers are enabled to continue the piracy of complainant's property and set at naught the decision of this court, and this upon the mere assumption that *perhaps* in an accounting of profits or damages in this case some judgment may be entered which will, *if it is paid by these defendants*, grant to these other infringers a free license *to then continue* the use of such machines, *although it cannot be pretended that at the present time any of such persons, firms, or corporations have acquired any such right*. This does not seem just or equitable. It would seem that before complainant's property should be taken from him he should be at least compensated therefor. It may be years before it is finally determined whether such judgment is sufficient to free such machines or whether it will be paid in full. It may be years before complainant re-

ceives a dollar from either of these defendants and the order of the District Court is a compulsory license, compelling the complainant to permit the continued and continuing invasion of his property without any color of right whatever in these other infringers, and compelling complainant to expend time and money in an attempt to collect damages for such wrongful appropriation and use of his property. It seems unjust to use the process of a court of equity to thus protect a wrongdoer in his wrongdoing and thus place on the property owner the burden and expense and risk of collecting compensation therefor through the courts, when in law, equity, and fair dealing the complainant should be compensated *before* his property is taken. Even ultimate collection of legal “damages” or “profits” would leave complainant loser by reason of the expense of the litigation thus forced upon him. Should not at least the actual payment have been required before these infringers can be said to “do equity”?

Inasmuch as the bill of complaint in this particular suit could not reach to enjoin these other persons, firms, and corporations from continuing such unlawful and unlicensed use of the infringing machines, it was necessary for the complainant to bring separate suits against each of said individuals, persons, firms, corporations, and associations who were infringing by use. In no other way could injunctions be secured which would prohibit the respective infringements. No defense on the merits existed in behalf of these infringers; they bought their machines with full knowledge of the claim of complainant that they were infringements of the

patent in suit, and complainant submits it was the duty of the District Court to have granted complainant temporary injunctions in each of the suits referred to in the injunctional order to protect and maintain complainant's right of property in his letters patent until such time at least as the users had acquired a license under the letters patent, whether such license be acquired direct by contract from the complainant or by operation of law. It is submitted that the District Court erred in enjoining the further prosecution of said suits and in refusing to grant any relief to this complainant under the circumstances of the case. *Must this complainant sit idly by and see sixty or more persons, firms, and corporations every day using his property against his will, without his license or consent, in admitted violation of his rights of property, and without any certainty that he would ever receive any compensation therefor?*

Complainant submits that after having litigated the validity of his letters patent through the court of last resort, and having litigated through the court of last resort the question of infringement, that he was entitled to the protection of his right of property in full accord with the spirit as well as the letter of this court's mandate, and the infringing user should have the burden placed upon him of showing *a present right* to free use before he was permitted to continue such use and should not be permitted to continue such use in defiance of complainant's rights upon the mere theory that perhaps some day and somehow complainant would be compensated for this invasion of complainant's rights. *Defendants should be required to do*

equity before asking such extraordinary relief of a court of equity.

The unfairness, unjustness, and inequity to complainant of the order of the District Court and of the defendants' motion is illustrated by the further consideration that this court has determined that defendant Parker has pirated *the business of complainant* in the manufacture and sale of fruit graders under the patent in suit; that each of the infringing machines involved in the suits, the prosecution of which is enjoined, is in effect stolen property; that each of the users is in possession of stolen property. Yet these defendants ask that complainant be enjoined from protecting his own property, that he be enjoined from doing lawful acts to protect and enforce his rights of property against those who have not even a color of title and no vestige of equity in their possession or use of the property. The case falls directly within the decision of Circuit Judge Sanborn, in

Kryptok Co. v. Stead Lens Co., 190 Fed. 767,
769,

where, in speaking for the Circuit Court of Appeals for the Eighth Circuit, and in reversing an injunction granted by the lower court prohibiting the patent owner from proceeding with suits against purchasers and users when the patent owner had a suit pending against the manufacturer, said:

“Established principles of equity jurisprudence
“are that one may not be enjoined from doing law-
“ful acts to protect and enforce his rights of prop-
“erty or of person, unless his acts to that effect
“are clearly shown to be done unnecessarily, not
“for the purpose of preserving and enforcing his

“rights, but maliciously to vex, annoy, and injure another.”

“The fact that defendants are only users is not sufficient to defeat a motion for a preliminary injunction, for infringement by a user may be as irreparable as any.”

See also

Allington & Curtis Mfg. Co. v. Booth, 72 Fed.
772.

In this last decision the court makes particular mention of the fact that the complainant had offered to replace the infringing devices or to give a license, the complainant, of course, setting the price for substitution and the amount of the license fee. The court did deny the temporary injunction upon the deposit of such license fee, but the decision squarely approves this complainant's position, that he is entitled to sell to these individual defendants any grader embodying this invention which they use and that he is entitled to enjoin the use of infringing graders.

In this case it is complainant's position that complainant has the right to sell to these forty or fifty infringers any grader embodying this invention which they use, and that before the court should grant an injunction against complainant's proceeding to enforce his rights against the infringing users of such graders the lower court should have done equity to complainant. This complainant would not have brought this case to this court or have complained had the District Court, as a condition precedent to the granting of the injunctive writ herein, have ordered each of the users of such infringing machines to have paid to complainant

a reasonable license fee, but to sanction the unlawful and infringing use of these machines by these various independent and individual infringers without compensation to complainant, can hardly be said to be equitable, and it is submitted under the authorities cited the commencement or the prosecution of the several suits enjoined cannot be held to be either malicious or vexatious inasmuch as the several defendants in such suits are admittedly continuing, without any right to do so, the use of complainant's property and without any defense existing therefor.

One of the grounds of defendant Parker's motion is that complainant is interfering with Mr. Parker's customers. This is a most remarkable contention in view of the history of this litigation and the interlocutory decree herein. This court by its interlocutory decree has determined that this business was not Mr. Parker's; that in the legal sense and in the true sense these individual using defendants were not Parker's customers; that had it not been for the unlawful and wrongful acts of defendant Parker they would have been complainant's customers; that defendant Parker's alleged business was a piratical business. Complainant's position falls directly within the decision of Judge Sanborn in *Kryptok Co. v. Stead Lens Co.*, above referred to, and his action in bringing suits against and asking temporary injunctions against the users is "*for the purpose of preserving and enforcing his rights*" and his business, and there is not a scintilla of evidence upon which this court can base a finding of fact or a conclusion of law that complainant by these suits or by motions for temporary injunctions therein, is either

malicious, or proceeding against the users maliciously, either to vex, annoy, or injure them or Mr. Parker or anyone else. Complainant seeks solely to protect his property from unlawful appropriation. These users stand before this court confessed infringers and it is within the clear right of Mr. Stebler to protect his property and enforce his rights of property, as referred to by Judge Sanborn, and in this he should have, according to every principle of equity jurisprudence and good conscience, the assistance of a court of equity against those who are continuing to use his property without his license or consent, in violation of his rights and in open defiance thereof, instead of being enjoined by such court of good conscience from appealing to such court for its protection against the unlawful seizing and use of his property.

The District Court made the injunction order appealed from [Transcript, pages 56-58] upon the theory that

“Where a patentee, situated as complainant, re-
“covers from an infringing manufacturer damages
“and profits on account of the infringement, and
“the judgment is paid, the purchaser from such
“manufacturer, who is a user of the machine, has
“the same right to such use as he would have were
“he a licensee from the patentee, that is, the right
“to use continues during the life of the patented
“machine. (Allis v. Stowell, 16 Fed. 783; Gilbert
“& Barker Mfg. Co. v. Bussin, 12 Blatch. 426, 10
“Fed. Cases 348, case No. 5416; Perrigo v. Spauld-
“ing, 13 Blatch. 389, 19 Fed. Cases 260, case No.
“10994; Spaulding v. Page, 4 Fisher 621, 22 Fed.
“Cases 892, case No. 13219; Stutz v. Armstrong
“*et al.*, 25 Fed. 147; Fisher *et al.* v. Consolidated
“A. Mine etc., 25 Fed. 201; U. S. Printing Co. v.

“American Playing Card Co., 70 Fed. 50; Kelley
“v. Ypsilanti etc. Mfg. Co., 44 Fed. 19.)” [Transcript of Record, pages 61-62.]

Complainant submits that this theory is erroneous and in direct opposition to the rule of law announced and applied by the Supreme Court in

Birdsell v. Shaliol, 112 U. S. 485.

In this contention complainant is supported by a long list of decisions. The first to which attention is directed is the decision of then District Judge Brown, afterwards associate justice upon the Supreme Bench, in

Kelley v. Ypsilanti Dress Stay Mfg. Co., 44
Fed. 19-21,

in which it is said:

“With regard to the commencement of new
“suits, there are undoubted authorities which sup-
“port the contention of the defendant; but most
“of them seem to be founded upon an impression
“with regard to the rights of a patentee against
“infringers which the Supreme Court has held to
“be erroneous. Thus, in *Birdsell v. Manufactur-*
“*ing Co.*, 1 Hughes 64, where a similar application
“was made by a defendant who had been sued for
“manufacturing and selling a patented machine for
“hulling and threshing clover, it was held that an
“injunction should be granted, the court giving as
“a reason:

““That the defendants were thoroughly re-
“sponsible, and that upon the original suit being
“carried on to completion, if recovery was made,
“the complainant would recover in that suit all
“the profits that defendants had obtained from
“the wrongful manufacture, and the damages that
“he had suffered by reason of the wrongful manu-
“facture, and that complainant would therefore
“be put in the same position as if he had orig-
“inally sold all the machines; that, this being the

“‘case, he ought not to be allowed to interfere
“‘with the vendees of defendants while the suit
“‘against them was pending.’”

“Yet, in a subsequent case upon the same patent
“(Birdsell v. Shaliol, 112 U. S. 485, 5 Sup. Ct.
“Rep. 244), it was held that a decree in favor of
“a patentee, upon a bill in equity against one per-
“son for making and selling a patented machine,
“was no bar to a subsequent suit by the patentee
“against another person for afterwards using the
“same machine within the term of the patent;
“that while a license to make, use, and sell ma-
“chines gives the licensee the right to do so
“throughout the term of his patent, and has the
“effect of wholly releasing them from the mo-
“nopoly, and discharging all claims of the patentee
“for their use by anybody, *an infringer does not,*
“*by paying damages for making and using a ma-*
“*chine in infringement of a patent, acquire any*
“*right himself to a future use of the machine.*
“‘On the contrary, he may, in addition to the pay-
“‘ment of damages for past infringement, be re-
“‘strained by injunction from further use, and,
“‘when the whole machine is an infringement of
“‘the patent, be ordered to deliver it up to be de-
“‘stroyed.’ The court in this case cites with ap-
“proval the case of Penn. v. Bibby, L. R. 3 Eq.
“308, in which the chancellor said that ‘the patent
“‘is a continuing patent, and I do not see why
“‘the article should not be followed in every man’s
“‘hands until the infringement is got rid of. So
“‘long as the article is used, there is a continuing
“‘damage.’ We do not see why the same prin-
“ciple does not apply to one who purchases of the
“manufacturer for the purpose of reselling to con-
“sumers. Indeed, it is difficult to see how this
“case can be reconciled with the language of the
“courts in Spaulding v. Page, 4 Fish. Pat. Cas.
“641; Gilbert etc. Co. v. Bussing, 12 Blatchf. 426;
“Perrigo v. Spaulding, 13 Blatchf. 391; Booth v.
“Seevers, 19 O. G. 1140. So, in Allis v. Stowell,
“16 Fed. Rep. 783, in which the injunction was

“denied, it was intimated that, ‘where a patentee
“‘recovers from an infringing manufacturer full
“‘damages and profits on account of the infringe-
“‘ment, the purchaser from such manufacturer,
“‘who is a user of the machine, will be protected
“‘in such use against a suit for infringement, as
“‘he would be if he were a licensee from the
“‘patentee.’ In this view of the law it was held
“that, to prevent a multiplicity of suits, the court
“might, in a proper case, and on proper showing,
“require the prosecution of suits between a pat-
“entee and a mere user of a patented machine to
“be suspended, to await the result of the suit be-
“tween the patentee and the principal infringer
“from whom the user purchased this machine,—
“a doctrine in which we fully concur, although we
“think the application should be made to the courts
“in which these suits are pending. *The cases of*
“*Ide v. Engine Co.*, 31 Fed. Rep. 901, and *Na-*
“*tional Cash Register Co. v. Boston Cash Indi-*
“*cator Co.*, 41 Fed. Rep. 51, *see to have been de-*
“*cided upon the authority of the prior cases, and*
“*without the attention of the court being called to*
“*the case of Birdsell v. Shaliol, above cited.* Upon
“the other hand, in *Chemical Works v. Hecker*, 11
“Blatchf. 552, it was held, by Mr. Justice Blatch-
“ford, that the court had no jurisdiction of a bill
“filed by a patentee to assume to regulate the con-
“duct of the plaintiffs by injunction, except as
“regards the proceedings in the particular suit.
“To grant the injunction asked for, would be
“to turn the defendant into the plaintiff, and the
“plaintiff into the defendant, and to administer
“independent affirmative relief in favor of a party,
“without his coming into court as an actor, by
“bill or other pleading containing allegations
“capable of being put in issue by formal plead-
“ing, or of being contested on proofs, and to do
“so on matters arising *post litem motam.* See,
“also, *Asbestos Felting Co. v. U. S. etc. Felting*
“*Co. etc.*, 13 Blatchf. 453.”

“The view we have taken of the case of *Birdsell v. Shaliol*, seems to be supported by the opinion of Judge Coxe, in *Tuttle v. Matthews*, 28 Fed. Rep. 98, in which a similar application for an injunction was denied upon the authority of that case.

“There is undoubtedly great force in the argument that a defendant manufacturer, who has agreed to defend suits brought against his customers, and indemnify them against damages obtained by their selling his machines or device, ought not to be vexed by a multiplicity of suits in different parts of the country. But, in view of the case of *Birdsell v. Shaliol*, it is not easy to see how the recovery of damages from the defendant for manufacturing and selling would prevent the recovery of other substantial damages from the defendant's vendees for their profits upon reselling the patented articles. *If the recovery of damages from the manufacturer does not operate as a license to use the patented article*, or, in the language of the Supreme Court in *Bloomer v. McQuewan*, 14 How. 549, to pass it out of the limitation of the monopoly, *there would seem to be no reason for enjoining him from prosecuting anyone trespassing upon his domain*. The risk of being mulcted in costs will ordinarily be sufficient to prevent the patentee from bringing any great number of suits until his patent has been judicially established.”

The next decision supporting complainant's theory and interpretation of *Birdsell v. Shaliol*, is that of Circuit Judge Lacombe, in

New York Filter Co. v. Schwarzwald, 58 Fed. 577-79,

in which the court says:

“Counsel for the defendant corporation cites the following authorities in the federal courts in support of his contention, which may be briefly re-

“ferred to: *Emack v. Kane*, 34 Fed. Rep. 46. In
“that case the court evidently reached the conclu-
“sion that the circulars were not issued because
“the owner of the patent ‘believed that his patent
“‘was infringed, and intended to prosecute for
“‘such infringement,’ but ‘solely to intimidate and
“‘frighten customers away from the manufacturer,
“‘and with no intention of vindicating the validity
“‘of the patent by a suit or suits.’ In that case
“the owner of the patent had dismissed three suits
“brought against users as soon as the manu-
“facturer had been made a party thereto, and
“proof had been taken, ‘the dismissals being en-
“‘tered under such circumstances as to fully show
“‘that (*Kane*, who issued the circulars) knew he
“‘could not sustain the suits upon their merits’;
“and the circulars, in that case, expressly stated
“that the manufacturer would not be sued. *Allis*
“*v. Stowell*, 16 Fed. Rep. 783; *Ide v. Engine Co.*,
“31 Fed. Rep. 901; *Birdsell v. Manufacturing Co.*,
“1 *Hughes* 64; *National Cash Register Co. v.*
“*Boston Co.*, 41 Fed. Rep. 51,—undoubtedly sus-
“tain defendants’ contention. *But the learned*
“*judges who decided those cases apparently as-*
“*sumed that recovery against the maker of an in-*
“*fringing apparatus, and satisfaction of the dam-*
“*ages and profits awarded against him, would pass*
“*that particular apparatus out of the limitation of*
“*the monopoly created by the patent, and that the*
“*user thereof could not thereafter be interfered*
“*with. The law, however, is settled otherwise by*
“*the Supreme Court. Birdsell v. Shaliol*, 112 U.
“S. 485, 5 Sup. Ct. Rep. 244, *which holds that re-*
“*covery against the maker is no bar to an action*
“*against the user for damages resulting from his*
“*use, and for injunction against further use.*”

In this view that the decisions referred to by the District Court and supporting the theory of law advanced by it, have been overruled by the decision of

the Supreme Court in *Birdsell v. Shaliol*, the court will find complainant is supported by the opinion of Judge Lacombe, in *N. Y. Filter Co. v. Schwarzwald*, 58 Fed. 577;

Judge Brown, in *Kelley v. Ypsilanti Mfg. Co.*, 44 Fed. 19;

Judge Sage, in *U. S. Printing Co. v. American Playing Card Co.*, 70 Fed. 50;

Judge Hand, in *Asbestos Shingle Co. v. Johns-Manville Co.*, 108 Fed. 611-613;

Judge Hazel, in *Eldred v. Breitweiser*, 132 Fed. 251, 252;

Judge Hazel, in *Westinghouse Co. v. Mutual Life Insurance Co.*, 129 Fed. 213, 222;

Judge Ray, in *Van Epps v. International Paper Co.*, 124 Fed. 542, 544;

and the rule thus applied by the foregoing judges has also on the authority of the *Birdsell v. Shaliol* decision been applied by

Circuit Court of Appeals (Circuit Judge Sanborn and District Judges Marshall and W. H. Munger), for the Eighth Circuit, in *Kryptok Co. v. Stead Lens Co.*, 190 Fed. 767, 770;

Circuit Judge Acheson, in *Edison Co. v. Philadelphia Trust Co.*, 60 Fed. 397;

Judge Sage, in *Computing Scales Co. v. National Computing Scale Co.*, 79 Fed. 962, 966;

Judge Wheeler, in *Allington & Curtis Mfg. Co. v. Booth*, 72 Fed. 772;

Judge Coxe, in *Tuttle v. Matthews*, 28 Fed. 98;

Judge Ray, in *Gamerwell Co. v. Star Co.*, 199 Fed. 188;

Circuit Court of Appeals (Judges Dallas, Butler, and Wales), *for the Third Circuit, in Philadelphia Co. v. Edison Co.*, 65 Fed. 551;

Judge Benedict, in Blake v. Greenwood Cemetery Co. 16 Fed. 676.

Walker on Patents, 4th Ed., section 676, page 276, says:

“Where the money recovered in an infringement suit for unlicensed making and selling of a specimen of a patented thing, is recovered as damages for such making and selling alone; that recovery does not operate as an implied license authorizing the use of that specimen.”

Citing the authorities hereinbefore referred to.

Walker further says:

“The existence of a decree for profits against a manufacturer for making and selling a patented article, does not constitute any defense to a suit for infringement brought against the user of the very same article.”

Hopkins on Patents, page 458, says:

“The recovery and satisfaction of a judgment for damages against one wrongdoer does not ordinarily confer upon him or upon others, the right to continue or repeat the wrong.”

In the case of *Callaghan v. Myers* (128 U. S. 617), the Supreme Court had before it a copyright case. It should be borne in mind that there is a vital distinction between the copyright law and the patent law in that the former secures to the copyright owner only the exclusive right to reproduce (make) and sell and does not grant any right to exclude from use, while the

patent laws grant these three separate and distinct rights. In this *Callaghan v. Myers* decision the Supreme Court held that the resale of second hand books was an infringement of the copyright and must be accounted for, *although the same books and the original sale thereof had been by the same defendant and had been accounted for as infringing*. In other words, that the 156 volumes in issue had originally been made by the defendant and sold by him and full recovery had for such making and sale but that such recovery did not free the books from the copyright and a repurchase by the original infringer and a resale were a separate and independent infringement. It is not seen how this conclusion could be reached if the recovery for the original making and sale operated to free the infringing articles from the copyright, which is the rule applied by the District Court in granting the order appealed from herein. In this *Callaghan v. Myers* case the Supreme Court says:

“The sale of the volume originally prevented
“the purchase from the plaintiff of a lawful vol-
“ume, and the sale of the same infringing volume
“a second time prevented the purchase from the
“plaintiff of another lawful volume. The plaintiff
“was thus twice injured by the acts of the defend-
“ants, and the sales of the second hand volumes
“must be accounted for as if they were first sales.
“Birdsell v. Shaliol, 112 U. S. 485, 487, 488.”

This decision clearly holds that the volumes are not freed from the copyright by recovery of full damages or profits for the making and sale thereof, otherwise if free anyone had a right to resell them. This decision clearly recognizes that the accounting for the

making or printing and the sale of the infringing copyrighted books did not free the books from the copyright monopoly and for this proposition as an authority cites its decision in *Birdsell v. Shaliol*. As complainant interprets this *Callaghan v. Myers* decision, it is simply this: *neither under the copyright law nor under the patent law does the recovery of damages or profits from the manufacturer and seller of an infringing article free the infringing article and render such device free or licensed in the hands of any one and every one by an implied license by operation of law*. This is the direct opposite of the rule applied by the District Court in granting the order under review here.

Under this *Callaghan v. Myers* decision to interpret the decision in *Birdsell v. Shaliol* as did the District Court leads to an utter absurdity. The infringing devices manufactured by Mr. Parker would be free and impliedly licensed in the hands of the thirty or forty users; while if Mr. Parker repurchased such freed machines from such users and should attempt to sell such free machines he, Parker, would again infringe complainant's patent under this *Callaghan v. Myers* decision, although selling machines which, according to the District Court, had been freed by an implied license. Does not a device once freed from a patent monopoly by an unrestricted license remain a free machine for its life?

Complainant cannot reconcile the Supreme Court's decision in *Callaghan v. Myers* and its basing such decision upon its decision in *Birdsell v. Shaliol* upon any other hypothesis than that of Judge Lacombe, in *N. Y. Filter Co. v. Schwarzwald* (*ubi supra*), that the re-

covery against a maker is no bar to an action against the user for damages resulting from his use or for injunction against future use.

If the District Court's interpretation of *Birdsell v. Shaliol* is correct and the recovery of judgment for and payment of, full damages or profits fully compensating the patent owner for the loss of his rights appropriated by making and selling by the infringing manufacturer has the same effect as the grant of a license for the future use, while the recovery in the suit against the manufacturer of merely *nominal* damages does not effect such result, then we have the anomolous condition of the complainant being in the position of changing the rule of law applicable to the enjoined suits by simply declining or refusing to put in any evidence before the master as to either damages or profits and thereby requiring a report and judgment of and for simply nominal damages, for then under the District Court's interpretation of *Birdsell v. Shaliol* the infringing machines in the hands of the purchasers or users are not freed or licensed and the complainant may proceed with the suits against such purchasers and users. See also

Bragg v. City of Stockton, 27 Fed. 509.

Complainant has always understood that the recovery of damages, *compensatory* or *nominal*, for a tort, and the payment of the judgment extinguished the cause of action as effectually and completely as the recovery of any amount of compensatory or vindictive damages and the payment of the judgment. Wherein, as a matter of law, there can be any difference, whether the

recovery be for “nominal” damages or for full compensatory damages, in the effect of the judgment and its payment as producing the grant of a license by implication of law, is hard to see. Is it not the theory of the law that the recovery of nominal damages is solely on the ground that the plaintiff has suffered no actual damage and that nominal damages are in fact fully compensatory in the particular case? See

Lovejoy v. Murray, 3 Wall. 1, 19.

Complainant awaits the citation of a decision holding that the recovery of judgment for nominal damages and its satisfaction, for a tort does not extinguish the right of action for damages arising from such tort.

It is to be noted in this connection that each and every one of the decisions cited by the District Court in support of its conclusion that the recovery from an infringing manufacturer of damages and profits and the payment of the judgment gives the purchaser the same right to use such machines as he would have were he a licensee from the patentee, were rendered prior to the *Birdsell v. Shaliol* decision, except *Kelley v. Ypsilanti Co.*, and as we have heretofore pointed out, the decision in this last case, instead of supporting the lower court, is point blank against this proposition, Mr. Justice Brown saying: “An infringer does not, “by paying damages for the making and use and sale “in infringement of a patent, acquire any right himself “to a future use of the machine,” and in the last paragraph of page 22: “If the recovery of damages from “the manufacturer does not operate as a license *to use* “the patented article, or, in the language of the Su-

“preme Court in *Bloomer v. McQuewan*, 14 How. 549, “to pass it out of the limitation of the monopoly, there “would seem to be no reason for enjoining him from “prosecuting anyone trespassing upon his domain,” and in this connection we call the court’s attention to the fact that Mr. Justice Brown approves the decision of Judge Coxe in *Tuttle v. Matthews* (28 Fed. 98), which holds that

“The owner of a valid patent secures, by virtue “thereof, three substantive rights: *the right to “make, the right to sell, and the right to use the “patented article. He who invades any one of “these rights is an infringer.”*

“The court is now asked to grant an injunction “restraining the complainants and their agents “from interfering with the defendant’s customers “in the use of the harrows sold to them by him. “The owner of a valid patent secures, by virtue “thereof, three substantive rights: the right to “make, the right to sell, and the right to use the “patented article. He who invades any one of “these rights is an infringer. *Birdsell v. Shaliol*, “112 U. S. 485, S. C. 5 Sup. Rep. 244. The chief “value of many patented machines is in their use. “If a recovery against a manufacturer dedicates “the machine to the public so that it can thereafter “be used by all with impunity, the ‘exclusive right’ “of the patentee does not exclude the most danger- “ous trespasser upon his property.”

In this connection the attention of this court is called to the fact that this decision of Mr. Justice Brown has been repeatedly cited in the cases heretofore referred to as interpreting the *Birdsell v. Shaliol* decision as complainant here interprets the same and in diametrical opposition to the citation thereof by the District Court as supporting the position taken by the District Court

in this case. Complainant submits that complainant is thus supported by each of the decisions above referred to in complainant's interpretation of Mr. Justice Brown's said decision.

The rule applied by the District Court has never been applied by any court in this country since the decision in *Birdsell v. Shaliol* and this is significant of the uniformity of opinion that the decision in *Birdsell v. Shaliol* has reversed the rule of the old cases or decisions cited by the District Court and is due also to the fact that the courts since that decision have recognized the distinction of the three rights of exclusion granted by letters patent for inventions, to-wit, the right of exclusion from *manufacturing*, the right of exclusion from *selling*, and the right of exclusion from *using*, and that the recovery for one of these does not justify the invasion of the other right or the continuance of the invasion of either of the other rights.

Complainant cannot harmonize a rule that the payment of profits and damages for the making and selling of an infringing device frees such device in the hands of the purchaser, when such a recovery against one who makes the article for himself and uses it cannot and does not so free such device. In this connection attention is particularly called to the decision of Judge Sawyer, reported in

Bragg v. City of Stockton, 27 eFd. 509, 510.

Judge Sawyer particularly refers to the decision in *Birdsell v. Shaliol* as authority that the recovery against the making and using of an infringing article

does not give the infringer any right to continue such use.

Defendants have attempted to make much of the fact that complainant has been a manufacturer and seller of the graders and has in the past secured his profit and return from the patent in suit by the sale of such graders, and the District Court has given great weight to this fact. This fact in no wise compels him to accept any sum whatever as a license fee to authorize *the use* by others of machines which complainant neither made nor sold, nor is complainant under any obligation to, nor is there any presumption of law that he will, continue to secure his profit from the patent in this manner. This fact, therefore, becomes moot so far as determining complainant's right to enjoin *the use* of graders made or sold in infringement of his patent.

The defendant manufacturer has been adjudged to be a pirate so far as the manufacture and sale to defendant Riverside Heights Orange Growers Association of the infringing machines is concerned, and the fact that the defendant manufacturer derived his profit from the manufacture and sale can in law or equity in no manner color the character of the case before the court. What the defendant manufacturer did was unlawful. The manufacture and the sale were each separate infringements and each must be and has been enjoined and each must be accounted for, in a proper case, although, as we have already seen, no accounting can be compelled by complainant herein, except for the joint infringement by the Riverside Heights Orange Growers Association and George Parker, who jointly made and used five machines.

The defendants' motion was based on the ground that the suits against the other users of the infringing machines is an interference with the customers and business of the defendant manufacturer. This is an utter fallacy. The interlocutory decree in this case is a decree against this manufacturer and his joint tortfeasor, the Riverside Heights Orange Growers Association, for the making and use of five of these machines. This court has found that this is not the business of the defendant manufacturer, but that it was the business of the complainant, which business has been interfered with and unlawfully appropriated by the defendant Parker. It is therefore clear that there is nothing in the record upon which the court can base a finding of any interference with the legitimate business of the defendant Parker. On the contrary, the decree of this court is to the legal effect that such business was complainant's business. There is not a scintilla of evidence upon which even a suspicion can be had, much less a finding of fact or conclusion of law, that complainant is proposing vexatiously to interfere with any lawful business of the defendant manufacturer.

Complainant has endeavored now for four years to stop this piracy upon his letters patent and yet there are approximately one hundred of the infringing machines in use in infringement of his letters patent, and this although this court has held that such construction of machine is an infringement of complainant's patent and that there is no defense on the merits. Complainant submits that it is hardly fair to characterize complainant's attempt to protect his property as "oppressive." On the contrary, submits that the action of the

District Court in refusing him any relief whatever and compelling him *to wait, wait, wait*, although admitting that the defendants in the thirty-four suits enumerated in the injunction order [*Transcript*, pages 53-54] are continuing to use infringing machines, and admitting that at the time of such injunction order had acquired no right to continue such use, is not doing equity to complainant. In this connection complainant calls particular attention to that portion of the opinion of the District Court found in paragraph 4 thereof [*Transcript*, page 67], in which the court says:

“While the pendency of a suit for infringement
“against the manufacturer is no bar to a suit
“against users of machines bought from the manu-
“facturer, still, if the patentee sues the manu-
“facturer for profits as well as damages, a court
“of equity, in a proper case, will restrain the suit
“against the users until the determination of the
“suit against the manufacturer. (*Birdsell v.*
“*Hagerstown A. I. Mfg. Co.*, 1 *Hughes* 64, 3 *Fed.*
“*Cases* 450, case No. 1437; *National C. R. Co. v.*
“*Boston C. I. & R. Co. et al.*, 41 *Fed.* 51.)”

Complainant submits that the District Court has misconstrued this rule. It is at its most nothing more than a rule that until the *validity* of the patent has been determined and the question of *infringement* has been determined, where suit is pending against the manufacturer the patent owner will not be permitted to simultaneously prosecute separate suits against users. But this rule has no application to the defendants' motion or the order appealed from. The validity of complainant's patent has been established, not only by the decision of this court, but by the refusal of the Supreme Court to review the decision of this court on *certiorari*.

Likewise the question of infringement of complainant's patent by the said graders has likewise been determined, so that *under the rule referred to the suit has been determined*. It is submitted that the rule does not refer to the accounting, which is merely incidental to the equitable relief.

Complainant submits that the same error exists in the opinion and conclusion of the District Court in paragraph 3 thereof, particularly in its application of the quotations appearing on page 66 of the transcript of record from *Kelley v. Ypsilanti Mfg. Co.*, in which the District Court quotes *inter alia*:

“In this view of the law it was held that, to prevent a multiplicity of suits, the court might, in a proper case, and on proper showing, require the prosecution of suits between a patentee and a mere user of the patented machine to be suspended, *to await the result of the suit between the patentee and the principal infringer from whom the user purchased this machine*,—a doctrine in which we fully concur, although we think the application should be made to the courts in which these suits are pending.”

This language simply refers to this same rule of law, that the patent owner must await the result of the suit as to the validity and infringement before proceeding against the users. It is the same rule that the court has erroneously applied in paragraph 4 of its opinion just referred to and discussed.

But even this rule has been modified by the later authorities, and was not applied by Justice Brown in the *Ypsilanti* case.

There is another extremely erroneous statement in the opinion or conclusion of the District Court. Re-

ferring to the last of paragraph 3 of such opinion, and particularly to the paragraph commencing with the last line of page 66 of the transcript of the record, the District Court says:

“*The distinction between full and partial compensation*, that is, between payment of profits and damages and payment of damages alone, seems “to be recognized also in a quotation made in complainant’s brief from Walker on Patents, 4th edition, section 676, page 276, as follows:

“ ‘Where the money recovered in an infringement suit for unlicensed making and selling of a specimen of a patented thing, is recovered as damages for such making and selling alone; that recovery does not operate as an implied license authorizing the use of that specimen.’ ”

It is submitted that this is a totally erroneous interpretation of the language of the text writer. The distinction that Mr. Walker makes is not a distinction between the recovery of profits and damages as opposed to damages alone, but the distinction between the recovery for the unlicensed *making and selling alone* and the infringement *by use*.

This suit is pending in a court of equity and is to be judged and decided by equitable principles and doctrines. Complainant submits that the District Court abused a sound legal discretion in granting the injunction order. Said court should have granted to complainant preliminary injunctions against each of such users and compelled them to respect complainant’s property and not use the same *until they had acquired a right so to do*. This would have been equity. Complainant submits, therefore, that even if the District Court’s interpretation of the law could be sustained, its

order and action was inequitable and erroneous as giving the admitted infringers an unfair advantage of complainant and complainant's property. If some day by operation of law a license is granted to these infringers to continue the use of the infringing machines, should they not in equity and good conscience be compelled to await the acquisition of such license before being allowed further use against complainant's will?

There is still another reason which requires at least a partial reversal of the injunctive order of the District Court. It is clear from the opinion of that court that no license has yet come into existence by operation of law to free the machines in the hands of the users. It may never come into existence. There are a number of users who have not been sued. The litigation may be drawn out to such a time before such a license by operation of law is effective or is determined not to become effective, either by failure of the complainant to prove full damages or full profits or the failure of payment of the final judgment as affirmed on appeal, that the statute of limitations will run against the claims of complainant for past use and future use of the infringing machines by these others against whom suits have not been brought. It is well settled that the injunction does not stay the running of the statute of limitations. (*Kelley v. Ypsilanti etc. Co.*, 44 Fed. 23.)

It is inequitable that complainant should be compelled to lose his rights on the mere chance of such judgment being full or being paid. For, as said by Mr. Justice Brown in

Kelley v. Ypsilanti Dress Stay Co., 44 Fed. 22:

“Upon the other hand, in *Chemical Works v. Hecker*, 11 Blatchf. 552, it was held, by Mr. Justice Blatchford, that the court had no jurisdiction of a bill filed by a patentee to assume to assume to regulate the conduct of the plaintiffs “by injunction, except as regards the proceedings “in the particular suit. ‘To grant the injunction “asked for, would be to turn the defendant into “the plaintiff, and the plaintiff into the defendant, “and to administer independent affirmative relief “in favor of a party, without his coming into “court as an actor, by bill or other pleading containing allegations capable of being put in issue “by formal pleading, or of being contested on “proofs, and to do so on matters arising *post litem motam*.’ See also *Asbestos Felting Co. v. U. S. etc. Felting Co., etc.*, 13 Blatchf. 453.”

For this reason at least partial reversal and modification of the order appealed from, with costs, should be ordered.

The injunction order appealed from is also too broad in its term to be justified by the rule of law attempted to be applied. It enjoins complainant “from bringing “any other suit or suits against users of machines “manufactured in substantial accordance with Letters “Patent of the United States No. 997,468,” whether manufactured or sold by either of these defendants. It cannot be pretended that the judgment in this case frees all machines that can be made by anyone embodying such Parker patent construction. For this reason modification of the order is required, and as it has been necessary to bring this cause here on appeal to secure such modification, complainant should recover his costs.

Complainant submits, therefore, that the order appealed from should be reversed for each of the following reasons:

1. No accounting in this suit can be had of any acts of the two defendants herein which are not the joint torts of these defendants, nor can any profits or damages (whichever may be elected by complainant) be recovered except such arising out of the joint torts of the two defendants herein.

2. The recovery of full damages or full profits from defendant Parker on account of the manufacture or sale or both, of all of the machines involved in the suits enjoined would not by operation of law grant to the purchasers thereof an implied license to continue the use thereof; the continuation of such use being a separate infringement and tort and should be enjoined.

3. That the injunction is premature. Equity demands that the rights of the parties be at least maintained in *status quo*. That he who seeks equity must do equity. The defendants in the enjoined suits have not acquired any right to continue use. Their continuance of use is a continuing infringement and unlawful and until each of such defendants actually acquire a right complainant in equity and good conscience is entitled to orders of this court compelling each of such defendants to respect and leave his property alone.

4. The order must be reversed at least in part to protect complainant against the statute of limitations so that he will not suffer loss. It is necessary in order to protect his rights that he should bring suits against all having infringing machines and this before the

statute runs, otherwise he cannot secure damages or profits for at least part of the infringing use.

5. The injunctional order must be at least modified, as it is so broad as to prevent complainant from bringing suit against other infringers who are using the same construction of machine set forth in the Parker patent, but who have not purchased such machines from the defendant Parker.

6. The order appealed from must be reversed for the reason that this court in this suit was without jurisdiction to make such an order.

Kelley v. Ypsilanti Dress Stay Mfg. Co., *supra*;
Chemical Works v. Hecker, 11 Blatchf. 552;
Asbestos Felting Co. v. U. S. Felting Co., 13
Blatchf. 453.

Respectfully submitted,
FREDERICK S. LYON,
Solicitor for Complainant, Appellant.

IN THE
United States Circuit Court of Appeals
FOR THE NINTH CIRCUIT

FRED STEBLER,	}	In Equity. No. 2394.
Appellant,		
vs.		
RIVERSIDE HEIGHTS ORANGE GROWERS' ASSOCIATION and GEORGE D. PARKER,		
Appellees,		

and
FRED STEBLER
vs.

SUNDRY DEFENDANTS, in Cases Nos. A-43, 44,
45, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 62, 63,
64, 65, 66, 67, 70, 71, 73, 74, 75, 76, 77, 78, 86,
90, A-8 and Circuit Court No. 1675.

Brief on Behalf of Appellees.

This is an appeal from an order of the United States District Court for the Southern District of California, Southern Division, enjoining and restraining Complainant—Fred Stebler (Appellant herein) until final decree in Equity suit No. 1562 from the prosecution of the above numbered thirty

some equity suits against users of an infringing device manufactured and sold by George D. Parker, one of the defendants to said suit No. 1562, and one of the appellees herein.

The order of the Court was based on a finding that "The suits against users, thirty-one in number, and similar suits which complainant threatens to bring, are, and would be, I think, under all circumstances of this case, oppressive."

The order enjoining and restraining the appellant herein was applied for by the appellees to prevent the enormous expense incident to the prosecution of a multiplicity of suits pending in the same Court as the parent case No. 1562, in which suit George D. Parker, one of the appellees herein, is liable as manufacturer for each and every infringing device used by the defendants to the said various suits, and from whom on accounting full recovery may and will be had.

The order appealed from appears on page 60 of the transcript of record, and the petition for said order on page 38. The said petition is supported by the uncontradicted affidavit of George D. Parker (one of the appellees herein), page 46 of the printed record.

For the convenience of this Court and as a recital of the facts on which the motion for the restraining order was applied for, a full copy of the petition is herewith presented.

“DEFENDANTS’ PETITION TO ENJOIN
PROSECUTION OF SUITS FOR
INFRINGEMENT.

To The Honorable the Judges of the above entitled Court:

Comes now the above named defendants and give this Honorable Court to understand and be informed:

I.

That the above entitled suit is for the infringement of Reissue Letters Patent of the United States No. 12297, particularly claims 1 and 10 thereof, by defendant Parker as manufacturer and seller and the defendant Riverside Heights Orange Growers’ Association as user of a certain Fruit Grader Machine, manufactured and sold to it by the said defendant Parker.

II.

That after full trial and hearing of said suit this Court signed, filed, and entered on Sept. 17, 1912, a decree dismissing the Complainant’s Bill of Complaint.

III.

That thereafter the complainant duly appealed from said Decree of Dismissal to the United States Circuit Court of Appeals for the Ninth Circuit, and said Appeal was docketed as No. 2232.

IV.

That said Appeal case No. 2232 came on for hearing at the October Term, 1912, of said Court of Appeals, and thereafter in due course said Court made and entered its decree reversing the decree of dismissal of this Court of Sept. 17, 1912.

V.

That thereafter the said United States Circuit Court of Appeals for the Ninth Circuit, upon motion of defendants stayed its mandate for a time sufficient to enable said defendants to present a Petition to the Supreme Court of the United States for a Writ of Certiorari.

VI.

That said defendants duly presented their said Petition for a Writ of Certiorari to the Supreme Court of the United States:

VII.

That said Petition was by said Supreme Court of the United States denied.

VIII.

That upon said denial of said Petition as above mentioned in paragraph VII, the complainant herein caused the Mandate of the United States Circuit Court of Appeals to be issued.

IX.

That said complainant duly presented said Mandate to this Court and the same was by this Court duly received and spread upon its minutes.

X.

That pursuant to said Mandate this Court on or about Nov. 5, 1913 made and entered its Interlocutory Decree, vacating its previous decree of dismissal of Sept. 17, 1912, holding title to the patent sued on to be vested in complainant, holding the patent sued on valid, finding infringement of claims 1 and 10 thereof by the defendants herein; holding complainant to be entitled to recover from said defendants and each of them the profits, gains and advantages derived from said infringement, refer-

ring the accounting thereof to a Master, and granting a perpetual injunction against said defendants.

XI.

That said Interlocutory Decree last mentioned is now in full force and effect, but that no steps have, up to the present, been taken by said complainant in the matter of said accounting nor has the Master made any report thereof.

XII.

That subsequent to the rendition of the decree of the United States Circuit Court of Appeals for the Ninth Circuit and before the said Interlocutory decree of this Court, complainant brought in this Court a large number of suits in equity upon the said Reissue Letters Patent, against various other defendants as infringing users of the said machines manufactured and sold by the defendant Parker herein, said suits being as follows, to-wit:

Fred Stebler vs. Pomona Fruit Growers Exchange, No. A-44.

Fred Stebler vs. Whittier Citrus Association, No. A-45.

Fred Stebler vs. Indian Hill Citrus Association, No. A-49.

Fred Stebler vs. El Camino Citrus Association, No. A-50.

Fred Stebler vs. Colton Fruit Exchange, No. A-52.

Fred Stebler vs. Sierra Madre La Monda Citrus Association, No. A-53.

Fred Stebler vs. Claremont Citrus Association, No. A-54.

Fred Stebler vs. La Verne Orange Growers Association, No. A-55.

Fred Stebler vs. Lyman V. W. Brown, No. A-56.

Fred Stebler vs. Placentia Orange Growers' Association, No. A-70.

Fred Stebler vs. San Dimas Orange Growers' Association, No. A-71.

Fred Stebler vs. I. L. Lyon & Sons, No. A-73.

Fred Stebler vs. Elephant Orchards, No. A-74.

Fred Stebler vs. El Cajon Citrus Association, No. A-77.

Fred Stebler vs. Orange Heights Fruit Association, No. A-78.

Fred Stebler vs. Fernando Fruit Growers' Association, No. A-86.

Fred Stebler vs. Antelope Heights Orange Company, No. A-8, in the Northern Division of this Court.

Fred Stebler vs. Redlands Heights Orange Growers' Association, No.

Fred Stebler vs. Charles C. Chapman, No. A-64.

Fred Stebler vs. Covina Orange Growers' Exchange, No. A-66.

Fred Stebler vs. Walnut Fruit Growers' Association, No. A-57.

Fred Stebler vs. Pattee & Lett Company, No. A-51.

Fred Stebler vs. The West Ontario Citrus Association, No. A-65.

Fred Stebler vs. Anaheim Orange Growers' Association, No. A-43.

Fred Stebler vs. Edmund Peycke Company, No. A-67.

Fred Stebler vs. La Habra Citrus Association, No. A-62,

and has also brought another suit upon said patent against this defendant George D. Parker, entitled: Fred Stebler vs. George D. Parker, No A.-90.

XIII.

That all of said defendants in the said suits mentioned in paragraph XII (exclusive of George D. Parker in the suit last named), are customers of the said George D. Parker, one of the petitioners herein, and that the acts of infringement complained of in said suits, are the use by said de-

fendants of Fruit Grading Machines manufactured by the said George D. Parker and sold by him to said defendants, and are the same kind of machines held in this suit to be infringements, and are subject to the accounting against the said Parker, still to be had in the present suit.

XIV.

That the said complainant Fred Stebler has threatened and still threatens and continues to threaten to bring many other similar suits against the customers of the said Parker, and that unless restrained by this Court, will bring such suits, and will prosecute the same and will continue to prosecute the suits heretofore brought against said customers.

XV.

That your petitioner, the said George D. Parker, is financially able to respond to any judgment which may be rendered against him on the accounting in this case, and that whereas all of the machines complained of in the suits against his customers as aforesaid, are machines made and sold by him, the said Parker, they are each and all subject to said accounting and must be accounted for by him in this case.

XVI.

That your petitioner Parker shows unto your Honors that complainant Stebler is a manufacturer and seller of the patented machines, and is not a user of the same, but that he derives his profit from his said patent solely by the manufacture and by the unconditional sale direct to the users of the said machines, and that upon the satisfaction by said Parker of any judgment of this Court which may be rendered upon the accounting herein, the infringing machines manufactured and sold by him, the said Parker, to his customers aforesaid, will be released from the patent monopoly, and the said

defendants in the various suits above named will not be liable to the said Stebler.

XVII.

That if the said Stebler be not restrained by this Court from continuing the prosecution of the said suits above named, and from bringing other suits of like nature against the customers of said Parker, irreparable injury and damage will result to your said petitioner Parker, by the loss to him of his customers, who on account of the harassment, annoyance, and expense occasioned by the acts of the said Stebler, will fall away from him in his general business and will cease to patronize him in the purchase of any and all packing house machinery of every kind and nature and outside of and wholly foreign to the Grading Machines in question herein, for your petitioner Parker now shows to your Honors that he is a manufacturer and seller of general packing house machinery and that he manufactures and sells many machines and apparatus in this line which have nothing to do with the Fruit Graders held to be infringements herein.

XVIII.

That your petitioner Parker, shows to your Honors that the purpose of the said Stebler in the acts and course he is pursuing and threatens to pursue is to harass and annoy your petitioner's customers and to put them to needless expense and thereby to destroy and break up your petitioner's business, which will result to his irreparable injury and damage.

Inasmuch, therefore, as your petitioners are without any remedy, except in a Court of Equity, your petitioners pray for an order enjoining the said Fred Stebler from further prosecuting the said suits above named, and from bringing any more suits of like nature against the customers of said Parker for the infringement of the said patent by

the use of Fruit Grading Machines made and sold to them by said Parker, said injunction order to be continued until the rendition of the judgment of this Court upon the Master's report on the accounting in the present entitled cause, and your petitioners further pray that your Honors issue a restraining order against said Stebler in the aforesaid matters until this Petition is, upon proper motion herewith accompanying, heard and determined by your Honors.

And your Petitioners will ever pray."

From the facts presented by the above petition it will be observed that appellant herein is the manufacturer of the patented device and derives his sole revenue therefrom by the direct sale of the said device to the users thereof, also that one of the appellees herein (George D. Parker), is the manufacturer and seller of the infringing devices to the users made defendant to the suits as to which the prosecution thereof have been enjoined by his Honor, Judge Wellborn, in the exercise of the discretionary power vested in him in matters of this character.

The motion of defendants to action No. 1562 for the restraining order, the allowance of which is herein complained of, the petition for said order, and the affidavit of George D. Parker (one of the appellees herein) in support of said petition were filed in the District Court of the United States, Southern District of California, Southern Division, on the 25th day of November, 1913.

Thereafter complaint to said action (appellant herein) filed a motion for a preliminary injunction

in connection with each of the thirty-one pending equity suits against the users of the machines supplied by Appellee Parker.

While the two motions were heard by his Honor, Judge Wellborn, on the same day, no decision was rendered denying complainant's motion for a preliminary injunction, the Court withholding its decision on said motion.

In view of the fact of the present case we contend that under the law that where the owner of letters patent elects to manufacture and place the patented device on the market by the direct sale thereof to the user, receiving his only and full compensation or royalty for the continued use of the patented machine by the profit derived by the manufacture of the patented article, he is estopped from proceeding against a mere user on receiving the profit from an infringing manufacturer of the machines sold to the user. In other words, a settlement in full for profits and damages by the infringing manufacturer, releases the user, due to the fact that the owner of the patent has received his full royalty for the use of the machine, the only question being that the owner of the patent receives his full profit on the patented machine being used, and this irrespective as to who pays the same.

This position is not antagonistic to any decision to which our attention has been directed, but, on the contrary, each and every decision is in support

thereof, where the facts presented are the same as the ones appearing in the present case.

We fully realize the right of a patentee to sue an infringing manufacturer, a seller of the patented article, and equally so, a user, but contend that the right of recovery is dependent on the election made by himself as to the manner of marketing the patented article and as to the nature of the suit.

We do not contend that a patent owner can never change his plan of enjoying his monopoly. Our contention is that having made an election of how he will enjoy it, such election will stand as against those who have accepted it, and that any change he may choose to make can apply only to those who come into relation with him and his monopoly after his change.

If we consider the rights of a patentee relative to the monopoly granted by the letters patent and the manner in which his rights are restricted thereunder, no difficulty will be experienced in properly understanding the decisions of the various Courts as applied to meet the varying conditions of each case, for we find that the decisions (some in apparent conflict) are, in fact, reconcilable.

Election as to Marketing the Patented Article.

1. The patentee may place the invention on the market under a royalty agreement.
2. He may elect to market the invention under

specified restrictions, so far as the restrictions are within the law.

3. It is the patentee's right to market the invention under a license agreement, exclusive or otherwise.
4. He may reserve unto himself the manufacture of the patented article and place the same on the market through a seller.
5. He may manufacture, himself, the patented article and sell direct to a user for a given sum, demanding a continuing royalty for the use thereof.
6. He may elect to manufacture and divide the selling monopoly among a number of dealers or users, giving to each the right to use the invention for a specified purpose.
7. He may manufacture the patented article and sell direct to the user, his profit on the sale for use constituting the whole of the royalty fee demanded for the use of the patented invention, which fee when once paid frees the invention of the patented monopoly.
8. He may preserve a sole monopoly under all the granted right, by electing to manufacture for his own use only.

With these various channels open to the patentee or the owner of the patent for the marketing of the patented device, it is not surprising that the decisions of the different Courts appear to be in conflict. Especially is this true when consideration is given to that class of cases where a user of the infringing patented article is liable to the patentee in addition to a recovery from an infringing manufacturer.

We know that a user is not released by a settlement with an infringing manufacturer where

1. The manufacturing patentee markets the article through a selling agent.
2. Where the infringing manufacturer disposes of the article through a selling agent.
3. Where the owner of the patented article manufactures and sells exclusively to a dealer, who in turn disposes to the user on a royalty basis.
4. Where the infringing manufacturer sells exclusively to a dealer, who disposes to a user on a royalty basis.
5. Where the patentee manufacturer sells the article for a given sum, plus a continuing royalty from the buyer for the use thereof.
6. Where the infringing manufacturer sells the infringing article for a given sum, plus a continuing royalty from the buyer for the use thereof.
7. In cases where the manufacturing patentee places the article on the market, exacting an annual royalty for the use thereof.
8. Where the infringing manufacturer places the article on the market, exacting an annual royalty for the use thereof.
9. Where the owner of the letters patent is unable to recover from the infringing manufacturer.

In each of the above cases, excepting the last, there is outstanding a profit due the owner of the patent, which is not disposed of by a settlement with the infringing manufacturer.

In none of the above mentioned classes does the present case fall, for here we have the manufacturing owner of the patent admittedly selling direct to the user for a given profit, and equally so the infringing manufacturer selling direct to the user. Each derives his profit by a direct sale, no restrictions being imposed upon the purchasing user. When the infringing manufacturer settles with the manufacturing owner of the letters patent, the latter receives all he would have received as his royalty for use in case he himself had sold to a user the invention held to be infringed. More he cannot conscientiously seek to recover, and, in the present case, the infringing manufacturer seeks an opportunity to thus reimburse complainant.

Law of the Case.

A review of the decisions discloses seemingly only one case where the conditions here existing prevailed. In said case the order here prayed for (although not granted for other reasons) was recognized as being based on sound law. This was the case of *Allis vs. Stowell*, 16. Fed. 783. Here the Court recognized that where a patentee recovers from an infringing manufacturer *full damages and profits* on account of the infringement, the purchaser from such manufacturer, who is a user of the machine, will be protected in such use against a suit for infringement, as he would be if he were a licensee from the patentee. In this connection the Court states:

“With reference to the Illinois and Michigan

suits, the evident theory of petitioner's counsel is that the defendants in those suits are Stowell's vendees; that the saw-mill dogs used by those defendants in their business and involved in the suits referred to were purchased from Stowell, or Filer, Stowell & Co., and are actually included in part in the accounting in the first suit pending here, and in part in the second suit of Allis vs. Stowell; that if Allis shall ultimately have decrees for profits and damages in these cases, and if Stowell shall fully pay and satisfy such decrees, such payment and satisfaction will operate as a license to the Illinois and Michigan parties to use the mill-dogs which they have purchased from him, and to discharge any claim that Allis might otherwise have against them for damages and profits, and for an injunction in the suits which he has commenced in those states; and that to prevent a multiplicity of suits the court will enjoin Allis from prosecuting the cases in other districts until the main controversy between the manufacturers is determined.

“Admitting the general principle involved in this statement of the case to be sound, the question still is, are the necessary facts sufficiently shown to the court to warrant it in applying the principle?

“The rule as to when a recovery by a patentee against an infringer will carry the right to use the patented device, is well stated in *Perrigo vs. Spaulding*, 13 Blatchf. 391, 392, 19 Fed. Cases 260, case No. 10,994. In that case the court said:

“Where the patentee sells his patented instrument or machine for use by others, finding his remuneration in the profit of the sale of the manufactured machine or instrument, it is obvious that his interest is promoted by increasing the sale, and that into his profit enters the value

of the patented invention over and above the cost of manufacture and the ordinary fair profit of the manufacture. Even if no patent or license fee is fixed, the value thereof, as a profit, enters into the selling price, and, if not capable of exact ascertainment, may, nevertheless, be approximated to by estimation, when necessary. When the patentee sells, he receives this profit, and thus obtains full compensation for the article sold, and for the right to use it while it lasts. When, for an infringement, he obtains both the profits and damages, he will be presumed to have obtained a full compensation for all the injury he has sustained, and to be placed in as good a position as if he had made and sold the article itself.

“ * * * When a patentee manufactures and sells his patented article for use, the right to use passes by the sale. If an infringer manufactures and sells, he must account for and pay the profits, which are to be calculated upon the principle that the gain by the appropriation of the patentee's invention is their measure. If there are damages sustained and proved by the plaintiff, beyond the profits made by the infringer, these also may be recovered. But, when a full recovery and satisfaction from one party has been had, the patentee has obtained all that the law gives him, and the particular article or machine, if it be a machine, becomes in effect licensed by the patentee, and may be used so long as it lasts, free from any further claim by the patentee.”

“In effect the same principle was recognized in *Gilbert & Barker Manufacturing Co. vs. Bus-sin*, 12 Blatchf. 426, 10 Fed. Cases 348, case No. 5416; and in *Spaulding vs. Page*, 4 Fisher 641, 22 Fed. Cases 892, case No. 13,219.

“ ‘The recovery of profits and damages from the manufacturers of an infringing machine debars the patentee from recovering from a user for the use of the same machine,’ where

the user purchased the machine from the infringing manufacturer. *Booth vs. Seevers*, 19, O. G. 1140, and cases there cited. These adjudications indicate the law to be, that where a patentee recovers from an infringing manufacturer full damages and profits on account of the infringement, the purchaser from such manufacturer, who is a user of the machine, will be protected in such use against a suit for infringement, as he would be if he were a licensee from the patentee. But this could only be held on a clear showing that the purchaser was using the same patented machine or instrument as that involved in the suit between the patentee and the infringing manufacturer, and that the user was a vendee of such manufacturer; and under the authorities it would seem that to effect such a result it must further appear that the patentee's claim to profits and damages against the manufacturer has been actually paid and satisfied. But, apart from this phase of the question, I am of the opinion that to prevent a multiplicity of suits the court may, in a proper case and upon a proper showing, require the prosecution of suits between the patentee and the mere user of a patented machine to be suspended, and to await the result of a suit pending between the patentee and the principal infringer, from whom the user purchased the machine. Undoubtedly, the court has the power to exercise restraining control over the litigation where the principal parties are before it. The important question in such a case would seem to be, when may the power be rightfully and properly exercised?

"In *Birdsell vs. Hagerstown Agricultural Implement Manufacturing Co.*, 1 Hughes, 64, 3 Fed. Cases 450, case No. 1437, it was held that where a suit upon a patent is pending against the defendant, who is manufacturing and vending an article claimed to be an infringement of the patent, and it appears to the court that the

defendant is responsible for such profits and damages as may be assessed against him as the result of the suit, the court may in its discretion enjoin the complainant from bringing suit against the vendees of the defendant."

There is nothing in *Birdsell vs. Shaliol*, 112 U. S. 485, which holds contrary to the law as expressed in *Allis vs. Stowell*. In fact, this question was not presented to the Supreme Court in *Birdsell vs. Shaliol*, for all the Court was there asked to pass on was the correctness of the lower court in dismissing a suit, where it was shown that only nominal damages had been paid by the manufacturer in a previous suit. Apparently in *Birdsell vs. Shaliol*, the Supreme Court recognized the law as expressed in *Allis vs. Stowell*, by the expression: "*If one person is in any case exempt from being sued for damages for using the same machine for the making and selling of which damages have been recovered against and paid by another person, it can only be when actual damages have been paid, and upon the theory that the plaintiff has been deprived of the same property by the acts of two wrongdoers, and has received full compensation from one of them.*"

From the above we conclude, in view of *Allis vs. Stowell*, that if the patentee elects to receive as his measure of recovery the full licensee fee established by himself, and such licensee fee is paid, it operates to vest in the user the right to use the infringing machine until the particular machine is worn out.

This view of the case was taken by Justice Acheson, in the case of *Stutz vs. Armstrong and others*, 25 Fed. 147, the Court stating:

“It is, indeed, urged in favor of the apportionment of the license fee that the enforced payment thereof does not confer the right to further use the infringing machine. But such is not my understanding of the law. I think the true doctrine, and one reconciling any seeming inconsistencies in the decisions, is this: that while the patentee may, if he choose, confine himself to a recovery for past infringement, and insist that the further use of the infringing machine be enjoined, yet, if he elect as his measure of damages the full license fee established by himself, the payment thereof operates to vest in the defendant the right to use the machine during the term of the patent, or until that particular machine is worn out. *Sickels vs. Borden*, 3 Blatchf. 536; *Suffolk Co. vs. Hayden*, 3 Wall. 315; *Spaulding vs. Page*, 4 Fish, 641; *Emerson vs. Simm*, 6 Fish, 285, 286; *Birdsall vs. Coolidge*, *supra*; *Birdsell vs. Shaliol*, 112 U. S. 485, S. C. 5 Sup. Ct. Rep. 244. This is in harmony with the general rule that satisfaction of a judgment for the value of property wrongfully converted transfers the title to the defendant. 2 Sedg. Dam. (7th Ed.) 421. But to place the matter beyond any future question, the decree here can be so framed as to assure to the defendants, upon making satisfaction, the future use of these machines, or such of them as still exist.”

So, (in this circuit), in the case of *Fisher and others vs. Consolidated Amador Mine Co.*, 25 Fed., at page 201, the Court, speaking through Justice Sawyer, held:

“The answer further alleges that the particular machines used by the defendant, and for the use of which the present action is brought, were purchased by defendant from Hoskins, and that the profits of their manufacture and sale had been included in the decree against Hoskins, and that, therefore, the plaintiffs had received satisfaction for the said machines, and defendant was not liable to plaintiffs for using the same. But the answer nowhere alleges that the Hoskins decree has ever been satisfied by payment or otherwise. In order to be a defense it must allege that said decree has been paid, or otherwise satisfied, as well as that the accounting against Hoskins included the machines in question. In the absence of such allegation the answer does not state a defense. *Gilbert & B. Manuf'g Co. vs. Bussing*, 1 Ban. & A. 621, 10 Fed. Cases 348, case No. 5416; *Birdsell vs. Shaliol*, 112 U. S. 485; S. C. 5 Sup. Ct. Rep. 244; *Steam Stone-Cutter Co. vs. Sheldons*, 21 Fed. Rep. 875; *Walk*, Pat. p. 314. It follows, therefore, that the demurrer must be sustained; and it is so ordered.”

In the above case and that of *Stutz vs. Armstrong*, the Court had its attention directed to *Birdsell vs. Shaliol*, and with said case before it, construed the law to be as announced in *Allis vs. Stowell*, *supra*.

In the case of the *National Cash Register Co. vs. Boston Cash Indicator & Recorder Co. et al*, 41, Fed. 51, Justice Colt not only recognized the law as expressed in *Allis vs. Stowell*, but went beyond said decision by dismissing the suits brought against the users, stating:

“The power of a court of equity, by petition

in the main suit against a manufacturer, to restrain a complainant from bringing further suits against the purchasers or users of a patented article, seems to be recognized in this country, and to be founded upon sound principles of equity. *Ide vs. Engine Co.*, 31 Fed. Rep. 901; *Allis vs. Stowell*, 16 Fed. Rep. 783; *Birdsell vs. Manufacturing Co.*, 1 Hughes, (U. S.) 64. Also the unreported cases of *National Cash Register Co. vs. Bensinger Self-Adding Cash Register Co.*, decided by Judge Blodgett in the Northern District of Illinois, and *Consolidated Store Service Co. vs. Lamson Consolidated Store Service Co.*, decided by Judge Nelson of this District. Recognizing the existence of the power of this court to restrain the complainant, as prayed for, the only question which remains is whether the defendants have made out a case upon their affidavits which entitles them to this relief. I think an examination of the affidavits shows that the numerous suits brought by the complainant against the customers of the defendants are vexatious and oppressive, and that therefore an injunction should be granted as prayed for. Injunction granted."

Appellant has failed to recognize the distinction between the recovery of mere damages and a recovery of damages and profits. Under the decree in the present case, the reference is to a master for an accounting, the appellant will recover full damages and profits.

The distinction between the recovery of mere damages and a recovery of damages and profits is expressly recognized in another of the cases cited by complainant, *Computing Scale Co. vs. National C. S. Co.*, 79 Fed. 962, 966, where the Court says:

“As to the prayer for an injunction against suing users who have purchased from defendants, the complainant’s bill as framed prayed for an injunction and account of profits, as well as for damages against the defendant company. Upon the argument of the motion, the bill, not having been answered, was amended by striking out the prayer for an account of profits, leaving only the claim for damages. This brings the case directly within the rule laid down in *Birdsell vs. Shaliol*, 112 U. S. 485. The right of the complainant, under the authority of that case, to sue the users, is undeniable; and, if the right to sue exists, the right to warn by letters, or by circulars, or by advertisements in newspapers, exists, and cannot be enjoined.”

In *Kelley vs. Ypsilanti, etc., Mfg. Co.*, 44 Fed. 19, the Court says, commencing in last line of p. 21 of the reporter:

“So, in *Allis vs. Stowell*, 16 Fed. Rep. 783, in which the injunction was denied, it was intimated that, ‘where a patentee recovers from an infringing manufacturer full damages and profits on account of the infringement, the purchaser from such manufacturer, who is a user of the machine, will be protected in such use against a suit for infringement, as he would be if he were a licensee from the patentee.’ In this view of the law it was held that, to prevent a multiplicity of suits, the Court might, in a proper case, and on proper showing, require the prosecution of suits between a patentee and a mere user of the patented machine to be suspended, to await the result of the suit between the patentee and the principal infringer from whom the user purchased this machine,—a doctrine in which we fully concur, although we think the application should be made to the courts in which these suits are pending.”

In U. S. Printing Co. vs. American Playing Card Co., 70 Fed.p.53, the same rule is stated thus:

“Where a patentee takes a decree for profits against a manufacturing infringer, he thereby sets the manufactured machine free. The distinction is obvious. In such cases the profits of the infringer are full compensation to the complainant for the wrong done him by the unauthorized manufacture and sale of the infringing machine; but, where there is merely a settlement or judgment for damages, it is only for damages in the past, and has no relation to the future.”

In the present case, we are not denying the right to sue the user, nor have we asked that the suits against the user be dismissed. We say that if appellee Parker makes *full satisfaction*, the user will not be liable.

We contend that in the present case, and under the order referring to the Master for an accounting for *damages* and *profits*, full satisfaction can be made, and we say further that it will be made. We, therefore, simply asked the Court to exercise its discretion in holding back these various suits against the users, until the time is ripe for appellee Parker to render *full satisfaction*. There is nothing in such request nor in its grant which is in conflict with Birdsell vs. Shaliol, *supra*, nor with any of the cases which follow and construe it.

It is needless to analyze these cases with respect to the special facts of each. If this were done, it would be found that in each there were differentiating circumstances rendering each unlike the pres-

ent. We have but to bear in mind that the sole question decided by the Supreme Court is that a user may be sued, and that is the point in each of the cases cited. This we cannot and do not deny, and we did not ask the Lower Court to dismiss.

We fully recognize that while the pendency of a suit for infringement against the manufacturer is no bar to a suit against users of machines bought from the manufacturer, still, if the patentee sues the manufacturer for profits as well as damages (as in the present case), a court of equity in a proper case, will restrain the suit against the users until the final determination of the suit against the manufacturer. (*Birdsell vs. Hagerstown A. I. Mfg. Co.*, 1 Hughes 64, 3 Fed. Cases 450, case No. 1437; *National C. R. Co. vs. Boston C. I. & R. Co.*, et al., 41 Fed. 51.)

In the latter case the Court says:

“The power of a court of equity, by petition in the main suit against a manufacturer, to restrain a complainant from bringing further suits against the purchasers or users of a patented article, seems to be recognized in this country, and to be founded upon sound principles of equity. *Ide vs. Engine Co.*, 31 Fed. Rep. 901; *Allis vs. Stowell*, 16 Fed. Rep. 783; *Birdsell vs. Manufacturing Co.*, 1 Hughes (U. S. 64.) Also the unreported cases of *National Cash Register Co. vs. Bensinger Self-Adding Cash Register Co.*, decided by Judge Blodgett in the Northern District of Illinois, and *Consolidated Store Service Co. vs. Lamson Consolidated Store Service Co.*, decided by Judge Nelson of this District. Recognizing the existence of the power of this Court to restrain the com-

plainant, as prayed for, the only question which remains is whether the defendants have made out a case upon their affidavits which entitled them to this relief. I think an examination of the affidavits shows that the numerous suits brought by the complainant against the customers of the defendants are vexatious and oppressive, and that therefore an injunction should be granted as prayed for.”

It is needless to analyze each of the decisions cited by appellant, for in the multitude cited confusion must result, unless we bear in mind the one proposition advanced by us, alone insisted on, namely, that if *full satisfaction* be rendered by appellee Parker, the infringing manufacturer, the users made party defendants to the numerous pending suits will not be liable.

Birdsell vs. Shaliol is not in conflict with this. Around this case of Birdsell vs. Shaliol the present confusion, greatly enhanced by appellant's brief, is gathered. But a correct reading of this Supreme Court case will clarify all the cases which rely upon and profess to follow it, and not one of these cases will be found in opposition to our contention.

We say that Birdsell vs. Shaliol decides only that a user may be sued. It does not decide that *full satisfaction* by the manufacturer does not relieve the user from liability. It even intimates otherwise.

All the cases following Birdsell vs. Shaliol construe the decision there to be that a user may be sued. Not one of them construes it to mean that

full satisfaction by a manufacturer does not release the user. In fact, appellant's citation, to-wit: Computing Scale Co. vs. National Computing Scale Co. 79 Fed. 962, makes the very distinction we urge. (See final paragraph, page 966). In that case the complainant in his suit against the manufacturer amended his bill to ask for *damages* only whereas he had before asked for damages and profits, and this, in the mind of the Court, made a difference. "This," says Judge Sage, "brings the case directly within the rule laid down in Birdsell vs. Shaliol, 112 U. S. 485." What was the difference? It could only be the difference between *full* satisfaction and *partial* satisfaction.

Bragg vs. City of Stockton, 27 Fed. 509, holds that a patentee can choose a law suit or an equity suit. The citation to Birdsell vs. Shaliol is for the purpose of showing that the patentee may have damages for past infringement and an injunction for the future use. This suit was against a user, and there was no question of compensation other than that which might be had from him. The manufacturer was not involved. Even in this case his Honor Judge Sawyer recognized the rule that if the complainant elects to accept a royalty he cannot enjoin future use of the machine, stating that "by paying a royalty the defendant would be entitled to use them until worn out and should not be enjoined from so doing."

Thompson vs. American Bank Note Co. 35 Fed. 203, was a suit in equity against the user of an in-

fringing machine, which was contested on the ground that the machine used was purchased from a manufacturer who had been enjoined in a previous suit and against whom there was a decree.

The Court held that as there was no decree for damages and profits in the suit against the manufacturer, that a decree for damages of manufacture would not release a user, citing *Birdsell vs. Shaliol* in support thereof. However, the Court states that "a decree for the profits of a sale for use, with satisfaction, might relieve the use of the monopoly, but no such decree appears to have been made and such proceeding may not be had." This accords with what was really decided in *Birdsell vs. Shaliol*.

In the present case under consideration, there is a decree for profits and damages for machines manufactured and sold for use, which when disposed of by the infringing manufacturer releases the use of the machine from the patent monopoly.

Consolidated Roller Mill Co. vs. Coombs, 39 Fed. 803, was a suit in equity wherein injunction against a user was asked for. No suit was pending against the manufacturer of the infringing machine, nor had there been a settlement or an offer of settlement to the owner of the patent for the infringing device, such question not having been involved. Under such circumstances the complainant had an undoubted right to a recovery from the user, and the Court properly denied defendant's motion.

There is no conflict between the law as here expressed by the Court and that expressed in *Allis vs.*

Stowell; Stutz vs. Armstrong, et al; Fisher vs. Consolidated Amador Mine, and Bragg vs. City of Stockton.

Kelley vs. Ypsilanti Dress-Stay Mfg. Co., supra, (main case relied on by appellant), was a suit against a seller of infringing goods. Application was made to restrain the commencement and prosecution of suits against customers. The motion was properly denied, inasmuch as the complainant had a right of recovery against a seller of the patented article in addition to the recovery against the manufacturer of the infringing article. Here the infringing manufacturer did not manufacture and sell direct for use, but disposed of the goods through an intermediary; consequently, settlement with the infringing manufacturer would not release the profit due from the re-seller of the infringing device. No such question is here involved, as settlement with the infringing manufacturer for a sale for use gives to complainant manufacturer all he is entitled to for his sale for use.

In New York Filter Co. vs. Schwarzwald, 58 Fed. 577, motion was made to restrain issuing circular letters to customers of the infringing manufacturer. The letters being temperate and courteous in form, the motion was denied.

This case has no bearing on the present motion, except in so far as the Judge says (obiter dictum) that Allis vs. Stowell is contrary to Birdsell vs. Shaliol, but we submit that the learned Judge did not read Birdsell vs. Shaliol in the light of the

question decided. In fact, there was no reason to do so, as the questions presented were not the same. There was no prior suit against the infringing manufacturer wherein *actual damages* had been recovered and paid for the infringing article sold by the manufacturer for use. In fact, the prior suit against the infringing manufacturer had been dismissed by complainant without prejudice, leaving it optional with complainant thereafter to again sue the infringing manufacturer or to sue the user of the infringing device. The Court did not have before it a suit against an infringing manufacturer with a decree and reference to a master for an accounting as to damages and profits, together with a number of suits against users of the infringing machines before the Master on accounting.

The decision of the Court in the case of the Philadelphia Trust Safe Deposit & Ins. Co. vs. Edison Electrical L. Co., 65 Fed. 551, does not decide contrary to *Allis vs. Stowell*. Here again the suit was instituted against a re-seller of the infringing article and, as before stated, the owner of the patent was entitled to a recovery against a re-seller for the profits derived therefrom in addition to a recovery against the infringing manufacturer of the article manufactured for re-sale. All the Court decided in this case was that "a recovery of damages from a defendant, manufacturing and selling, will not prevent the recovery of other substantial damages from the defendant's vendees, for their profits upon re-selling the patented article." This right we

have never questioned, nor do we do so at this time.

The present users are not re-selling agents of the infringing manufacturer, as were the vendees in the above decided case.

Callaghan vs. Meyers, 128 U. S. 617, apparently has no bearing on the present question, the action involving a copyright matter. At the concluding portion of its decision the Court makes reference to the suit of Birdsell vs. Shaliol to uphold the liability of a seller of the infringing copyright matter. The right to sue a re-seller we have not questioned, nor is this involved herein.

In the late case of United States Printing Co. vs. American Playing Card Co. (cited by appellant), 70 Fed. 51, the Court clearly distinguishes between a recovery for past damages and a recovery for profits, holding that where past damages are merely settled for, the complainant has a right to enjoin against future use, but where the patentee or owner of the patent has taken a decree for profits against the infringing manufacturer, he frees the use of the infringing machine. The language of the Court, appearing on page 53, is:

“Where a patentee takes a decree for profits against a manufacturing infringer, he thereby sets the manufactured machine free. The distinction is obvious. In such cases the profits of the infringer are full compensation to the complainant for the wrong done him by the unauthorized manufacture and sale of the infringing machine; but where there is merely a settlement or judgment for damages, it is only for damages in the past, and has no relation to the future.”

Here we have the present case, for the decree of the Court is a reference to the Master for an accounting as to profits to be paid by the infringing manufacturer for the unauthorized manufacture and sale of the infringing machines. On a settlement to the owner of the patent for such profits, such profits are full compensation to the complainant for the wrong done him and sets the manufactured machines free for use.

From the foregoing analysis of the various decisions, we feel the law to be as contended for and upholds the right to the appellees to the order prayed for and granted by the Lower Court.

Answering that portion of appellant's argument as to only five machines being involved in the present action and that the Master's report must be so limited, i. e., to the ones manufactured by defendant Parker for his co-defendant and that a settlement by defendant Parker will not compensate for the machines manufactured and sold to the other thirty-one or more users, against whom suits are now pending for the use of the machines supplied by appellee Parker. The law is contrary to any such contention, for on an accounting the Master has full power under the reference to him in this case, to inquire into and to find all acts of infringement by *either* party, and to base his report in the matter of profits and damages upon all such infringing acts. He will, moreover, apportion his report against the acts of *each* as he finds them.

The Master has full power to inquire into and find all acts of infringement by either party, and to award profits and damages for all such infringing acts. (Robinson on Patents, Section 1153, and note cited: *Tatham vs. Lowber*, 4 Blatch. 86, 23 Fed. Cases 722, case No. 13765.)

The accounting is had up to the time of the report. (*Knox vs. Great Western Quicksilver M. Co.*, 6 Sawyer 430, 14 Fed. Cases 430, case No. 7947). *Hoe vs. Scott*, 87 Fed. 220.

To hold that the Master is restricted in his accounting to some definite number of machines and only to such for which the infringers are jointly liable, would take away from equity the right to prevent a multiplicity of suits for infringing acts. It is inconceivable that an owner of a patent should be required to file some thirty or forty suits to secure that which should be and can be accomplished by a single suit, where all of the alleged infringing machines are manufactured and sold by the same party and the owner of the patent derives his profit from the manufacture and direct sale of the machines to the users thereof.

The Master will not only carry the accounting to the joint acts of infringement, but equally so as to the independent acts of infringement by either party defendant and in his report will apportion accordingly. (*Tatham vs. Lowber*, *supra*).

In *Herring vs. Gage*, 15 Blatch. 124, 12 Fed. Cases 44, case No. 6422, the Court held, p. 47, as follows:

It is the peculiar province of equity, when it has acquired jurisdiction of the subject matter of the controversy, to award in the suit full and complete relief between all the parties. The Master has found the net profits arising from the use of the device by William G. Gage and Frederick A. Gage, down to the date of the order of reference, October 3rd, 1877, to be 28,197, in addition to the profits which accrued to all the defendants jointly. This should have been allowed to the complainants and is now allowed. The decree will provide for a recovery for the complainants, as against all the defendants, of the sum of \$1,161.84 and as against the defendants William G. Gage and Frederick A. Gage for the further sum of \$281.97."

In the present case, based on the Master's report, the decree would provide for a given sum from The Riverside Heights Orange Growers' Association and George D. Parker unto the Complainant, and a further sum from George D. Parker unto the Complainant, which latter sum will provide for each and every machine manufactured and sold by the said Parker independent of The Riverside Heights Orange Growers' Association to the users involved in the thirty some suits, the prosecution of which has been restrained by the granted order herein appealed from.

Under the Order of Reference, and under the law, the Master can find, discover, and report *all* the infringing acts of defendant Parker. To hold otherwise would contravene that beneficent doctrine of equity which frowns on a multiplicity of suits.

The users involved in the thirty some pending suits were charged in the Lower Court with wilful infringement. They purchased the machines in good faith and advisedly so in view of the decision of said Court when holding non-infringement and certainly were not chargeable with bad faith up to such time, and they had every right to continue the use thereafter and purchase additional machines for use. It was not until the rendition of the decision by this Court reversing such decision of non-infringement that appellant had grounds for complaint against the users, and this was not a just grievance until after the decision of the United States Supreme Court relative to the petition of Appellees herein for a *writ of certiorari*, which decision was only rendered last October. Before the refusal of the Supreme Court to grant the said petition, appellant herein commenced the filing of a large number of suits, approximately thirty-seven against the present users of the infringing machines. There certainly was no justification for this multiplicity of suits at such time against the various users, the infringing manufacturer being financially able and willing to account to and pay over to the complainant all profits found by the Master to be due unto him, which when paid gives unto him full remuneration for the machines manufactured and sold.

For convenience we embody herein the decision of

the Lower Court in full, the same being as follows, record, pp. 60-69:

“In the District Court of the United States, for the Southern District of California, Southern Division.

C. C. No. 1562.

FRED STEBLER,

Complainant,

vs.

RIVERSIDE HEIGHTS ORANGE GROWERS’
ASSOCIATION et al,

Defendants.

**Conclusions of the Court on Defendants’ Motion to
Restrain Prosecution of Pending Suits, and the
Institution of Others. [56]**

1.

Complaint has thus far utilized the patent by manufacturing and selling directly to users his patented machines, and in this case has sued for and recovered of infringing manufacturers, who also sold directly to users, profits and damages.

2.

The Master has full power to inquire into and find all acts of infringement by either part, and to award profits and damages for all such infringing acts. (Robinson on Patents, section 1153, and not cited; Tatham vs. Lowber, 4 Blatch. 86, 23 Fed Cases, 722, case No. 13,765.)

The accounting is had up to the time of the report. (Knox vs. Great Western Quicksilver M. Co., 6 Sawyer, 430, 14 Fed. Cases, 430, case No. 7947.)

3.

Where a patentee, situated as complainant, recov-

ers from an infringing manufacturer damages and profits on account of the infringement, and the judgment is paid, the purchaser from such manufacturer, who is a user of the machine, has the same right to such use as he would have were he a licensee from the patentee, that is, the right to use continues during the life of the patented machine. (Allis vs. Stowell, 16 Fed. 783; Gilbert & Barker Mfg. Co. vs. Bussin, 12 Blatch. 426, 10 Fed. Cases, 348, case No. 5416; Perrigo vs. Spaulding, 13 Blatch. 389, 19 Fed. Cases, 260, case No. 10,994; Spaulding vs. Page, 4 Fisher, 621, 22 Fed. Cases, 892, case No. 13,219; Stutz vs. Armstrong et al., 25 Fed. 147; Fisher et al vs. Consolidated A. Mine, etc., 25 Fed. 201; (57) U. S. Printing Co. vs. American Playing Card Co., 70 Fed. 50; Kelley vs. Ypsilanti etc. Mfg. Co., 44 Fed. 19.)

The case on which complainant largely relies, Birdsell vs. Shaliol, 112 U. S. 185, does not conflict, but is in harmony with this doctrine. While the Court, in that case, holds, that payment by an infringing manufacturer of damages only will not vest in him any right to the future of the infringing machine, yet the Court seemingly recognizes the rule, that full compensation to the patentee does free the infringing machine from the monopoly, the language of the Court being:

“If one person is in any case exempt from being sued for damages for using the same machine for the making and selling of which damages have been recovered against and paid by another person, it can only be when actual damages have been paid, and upon the theory that the plaintiff had been deprived of the same property by the acts of two wrongdoers, and has received full compensation from one of them.”

Payment of damages and profits is full compensation.

The law on this subject is well stated in Perrigo vs. Spaulding, *supra*, as follows:

“But, where the patentee sells his patented in-

strument or machine for use by others, finding his remuneration in the profit of the sale of the manufactured machine or instrument, it is obvious that his interest is promoted by increasing the sale, and that into his profit enters the value of the patented invention over and above the cost of manufacture and the ordinary fair profit of the manufacture. Even if no patent or license fee is fixed, the value thereof, as a profit, enters into the selling price, and if not capable of exact ascertainment, [58] may, nevertheless, be approximated to by estimation, when necessary. When the patentee sells, he receives this profit, and thus obtains full compensation for the article sold and for the right to use it while it lasts. When, for an infringement, he obtains both the profits and damages, he will be presumed to have obtained a full compensation for all the injury he has sustained, and to be placed in as good a position as if he had made and sold the article himself. Such is, I think the presumption between parties thus situated, and, if any different rule is sought to be applied in any particular case, it should appear that a recovery has not been sought or obtained for the whole gains of the manufacture as well as for all damages sustained. *Spaulding vs. Page*, before cited; *Gilbert & B. Manufacturing Co. vs. Bussing* (Case No. 5,416). When a patentee manufactures and sells his patented article for use, the right to use passes by the sale. If an infringer manufactures and sells, he must account for and pay the profits, which are to be calculated upon the principle that the gain by the appropriation by the patentee's invention is their measure. If there are damages sustained and proved by the plaintiff, beyond the profits made by the infringer, these also may be recovered. But, when a full recovery and satisfaction has been had, the patentee has obtained all that the law gives him, and the particular article or machine, if it be a machine, becomes, in

effect, licensed by the patentee, and may be used so long as it lasts, free from any further claim by the patentee."

To the same effect, in *Spaulding vs. Page, supra*, the Court says: [59]

"Where a patentee does not use the patented machine himself, nor establish a patent fee, but manufactures the patented article, and sells at fixed prices, seeking his compensation in the profits of the manufacture and sale at such fixed prices, and another party infringes the patent by making and selling the patented article; and where the patentee sues the party so infringing, and claims to recover, and does recover the full amount of profits which he himself would have obtained on said articles had he manufactured and sold them at his ordinary prices, by such claim and recovery he adopts the sale made by the party infringing, and the right to use the specific article so sold, and for which the recovery has been had, vests in the purchaser."

In *U. S. Printing Co. vs. American Playing Card Co., supra*, another case cited by complainant, the same rule is stated thus:

"Where a patentee takes a decree for profits against a manufacturing infringer, he thereby sets the manufactured machine free. The distinction is obvious. In such cases the profits of the infringer are full compensation to the complainant for the wrong done him by the unauthorized manufacture and sale of the infringing machine; but, where there is merely a settlement or judgment for damages, it is only for damages in the past, and has no relation to the future."

The distinction between the recovery of mere damages and a recovery of damages and profits is expressly recognized in another of the cases cited

by complainant, Computing Scale Co. vs. National C. S. Co., 79 Fed. 962, 966, where the Court says:

“As to the prayer for an injunction against suing users [60] who have purchased from defendants, the complainant’s bill as framed prayed for an injunction and account of profits, as well as for damages against the defendant company. Upon the argument of the motion, the bill, not having been answered, was amended by striking out the prayer for an account of profits, leaving only the claim for damages. This brings the case directly within the rule laid down in *Birdsell vs. Shaliol*, 112 U. S. 485. The right of the complainant, under the authority of that case, to sue the users, *in* undeniable; and if the right to sue exists, the right to warn by letters, or by circulars, or by advertisements in newspapers, exists, and cannot be enjoined.”

In *Kelley vs. Ypsilanti etc. Mfg. Co.*, *supra*, another case relied on by complainant, the Court says:

“So, in *Allis vs. Stowell*, 16 Fed. Rep. 783, in which the injunction was denied, it was intimated that, ‘where a patentee recovers from an infringing manufacturer full damages and profits on account of the infringement, the purchaser from such manufacturer, who is a user of the machine, will be protected in such use against a suit for infringement, as he would be if he were a licensee from the patentee.’ In this view of the law it was held that, to prevent a multiplicity of suits, the Court might, in a proper case, and on proper showing, require the prosecution of suits between a patentee and a mere user of the patented machine to be suspended, to await the result of the suit between the patentee and the principal infringer from whom the user purchased this machine,—a doctrine in which we fully concur, although we think the application should be made to the courts in which these suits are pending.”

It should be observed, that this enunciation was by [61] Brown, then District Judge for the Eastern District of Michigan, subsequently Associate Justice of the Supreme Court of the United States, not only an eminent jurist, but one notably learned in the patent law, and that, in the opinion in which the enunciation was made, *Birdsell vs. Shaliol*, *supra*, was considered and discussed.

The distinction between full and partial compensation, that is, between payment of profits and damages and payment of damages alone, seems to be recognized also in a quotation made in complainant's brief from Walker on Patents, 4th edition, section 676, page 276, as follows:

“Where the money recovered in an infringement suit for unlicensed making and selling of a specimen of a patented thing, is recovered as damages for such making and selling alone; that recovery does not operate as an implied license authorizing the use of that specimen.”

4.

While the pendency of a suit for infringement against the manufacturer is no bar to a suit against users of machines bought from the manufacturer, still, if the patentee sues the manufacturer for profits as well as damages, a court of equity, in a proper case, will restrain the suit against the users until the determination of the suit against the manufacturer. (*Birdsell vs. Hagerstown A. I. Mfg. Co.*, 1 Hughes, 64, 3 Fed. Cases 450, case No. 1437; *National C. R. Co. vs. Boston C. I. & R. Co. et al.*, 41 Fed. 51.)

In the latter case the Court says:

“The power of a court of equity, by petition in the main suit against a manufacturer, to restrain a complainant from [62] bringing further suits against the purchasers or users of a patented article, seems to be recognized in this country,

and to be founded upon sound principles of equity. *Ide vs. Engine Co.*, 31 Fed. Rep. 901; *Allis vs. Stowell*, 16 Fed. Rep. 783; *Birdsell vs. Manufacturing Co.*, 1 Hughes (U. S.), 64. Also the unreported cases of *National Cash Register Co. vs. Bensinger Self-Adding Cash Register Co.*, decided by Judge Blodgett in the Northern District of Illinois, and *Consolidated Store Service Co. vs. Lamson Consolidated Store Service Co.*, decided by Judge Nelson of this District. Recognizing the existence of the power of this Court to restrain the complainant, as prayed for, the only question which remains is whether the defendants have made out a case upon their affidavits which entitles them to this relief. I think an examination of the affidavits shows that the numerous suits brought by the complainant against the customers of the defendants are vexatious and oppressive, and that therefore an injunction should be granted as prayed for."

The pending suits against users, thirty-one in number, and similar suits which complainant threatens to bring, are, and would be, I think, under all the circumstances of this case, oppressive, and, accordingly defendants' motion will be allowed to the extent of enjoining complainant from further prosecuting the pending suits, or bringing other similar suits, until final decree herein, or until otherwise ordered by this Court, provided defendants, within five days, file a bond in the sum of Ten Thousand Dollars, with good and sufficient sureties, to be approved by the Clerk of this court, for the payment of any damages and profits that may be adjudged against [63] them in this suit.

Defendants' attorney will prepare an order in conformity with these conclusions, and, after serving a copy on complainants' attorney, submit the original to this Court for its action thereon.

OLIN WELLBORN,
Judge."

CONCLUSION.

It is respectfully submitted, in view of the foregoing, that the Court below did not err in granting the Petition to Enjoin Prosecution Of Suits For Infringement as prayed for, that the same was properly granted, and that in the granting thereof the said Court did not abuse its discretion, and that the order granting the motion to enjoin and restrain the prosecution of the multiplicity of suits therein referred to should, therefore, be sustained. All of which is respectfully submitted.

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WILLIAM F. BOOTH,

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